



BALCH & BINGHAM LLP

Alabama • Mississippi • Washington, DC

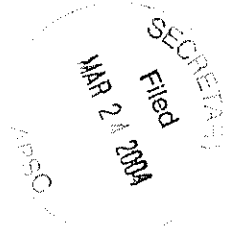
Robin G. Laurie  
(334) 269-3146

Attorneys and Counselors  
The Winter Building  
2 Dexter Avenue  
P.O. Box 78 (36101-0078)  
Montgomery, Alabama 36104-3515  
(334) 834-6500  
(334) 269-3115 Fax  
www.balch.com  
(866) 736-3859 (direct fax)  
rlaurie@balch.com

March 24, 2004

BY HAND DELIVERY

Mr. Walter Thomas  
Secretary  
Alabama Public Service Commission  
RSA Union Building  
8th Floor  
100 N. Union Street  
Montgomery, Alabama 36104



Re: Implementation of Federal Communications Commission's Triennial Review  
Order (Phase II - Local Switching for Mass Market Customers); Docket No  
29054

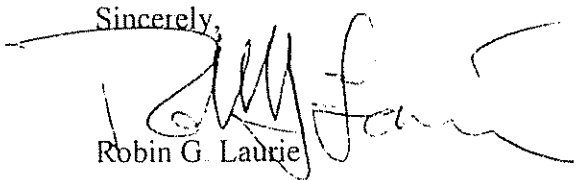
Dear Mr. Thomas:

Enclosed for filing on behalf of AT&T Communications of the South Central States, LLC, in the above-referenced matter are the following:

- Surrebuttal testimony of Jay Bradbury and one exhibit;
- Surrebuttal testimony of Cheryl Bursh;
- Surrebuttal testimony of Steven Turner;
- Public version of surrebuttal testimony of Mark Van de Water and eight exhibits;
- Confidential version of surrebuttal testimony of Mark Van de Water to be filed under seal;
- Surrebuttal testimony of Don Wood and one exhibit.

Any facsimiles of affidavits will be replaced with originals as soon as they are received

Sincerely,

  
Robin G. Laurie

RGL:dpe  
Enclosures

cc: Counsel of Record

CERTIFICATE OF SERVICE

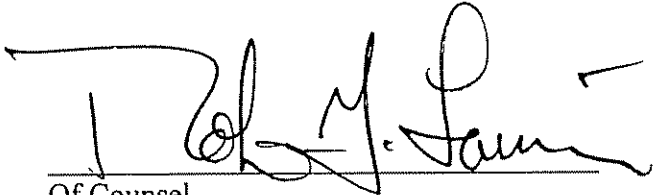
I hereby certify that a copy of the foregoing has been served upon the following by U.S.

Mail, properly addressed and postage prepaid, on this the 24<sup>th</sup> day of March, 2004:

Francis B. Semmes, Esq.  
BellSouth  
3196 Highway 280 South  
Room 304N  
Birmingham, Alabama 35243

Edgar C. Gentle, III, Esquire  
Gentle, Pickens, Eliason & Turner  
Suite 1200  
2 N. 20th Street  
Birmingham, Alabama 35203

Mark D. Wilkerson Esquire  
Brantley & Wilkerson  
405 South Hull Street  
Montgomery, Alabama 36104

  
\_\_\_\_\_  
Of Counsel

**BEFORE THE  
ALABAMA PUBLIC SERVICE COMMISSION**

In Re:	)	
	)	
IMPLEMENTATION OF THE FEDERAL	)	DOCKET 29054
COMMUNICATIONS COMMISSION'S	)	
TRIENNIAL REVIEW ORDER (PHASE II -	)	Filed: March 24, 2004
LOCAL SWITCHING FOR MASS MARKET	)	
CUSTOMERS)	)	
_____	)	

**SURREBUTTAL TESTIMONY OF**

**JAY M. BRADBURY**

**ON BEHALF OF**

**AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, LLC**

1 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION  
2 TITLE.

3 A. My name is Jay M. Bradbury. My business address is 1200 Peachtree Street, Suite  
4 8100, Atlanta, Georgia 30309. I am employed by AT&T Corp ("AT&T") as a  
5 District Manager in the Law and Government Affairs Organization.  
6

7 Q. ARE YOU THE SAME JAY M. BRADBURY THAT PREVIOUSLY FILED  
8 DIRECT TESTIMONY IN THIS DOCKET ON JANUARY 20, 2004, AND  
9 REBUTTAL ON MARCH 5, 2004?

10 A. Yes, I am.  
11

12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

13 A. My surrebuttal testimony responds to portions of the rebuttal testimony of  
14 BellSouth's witnesses W. Keith Milner, A. Wayne Gray, Gary Tennyson, and Eric  
15 Fogle. My responses focus on the operational and economic impairments that arise  
16 from various CLEC network architecture requirements, the impact of those  
17 impairments upon the CLECs, and the role of Electronic Loop Provisioning (ELP) in  
18 this docket.  
19

20 RESPONSES TO MR. MILNER

21 Q. ON PAGES 2-3 OF HIS REBUTTAL TESTIMONY, MR. MILNER  
22 CHALLENGES YOUR STATEMENT THAT CLEC SWITCHES ARE  
23 ALWAYS LOCATED REMOTELY FROM THE ILEC CENTRAL OFFICE

1 WHERE THE EXISTING LOCAL LOOPS TERMINATE. HE NOTES THAT  
2 CLECS HAVE THE OPTION TO PLACE SWITCHES IN THEIR  
3 COLLOCATION ARRANGEMENTS IN BELL SOUTH'S CENTRAL  
4 OFFICES. DOES MR. MILNER'S INFORMATION DISPROVE YOUR  
5 STATEMENT?

6 A. No. Mr. Milner has simply attempted to provide the proverbial exception that proves  
7 the rule. Further, the FCC's findings in the TRO support the general validity of my  
8 statement (TRO ¶480, ¶464, FN 1406, ¶ 424, FN 1298, ¶ 429.) Mr. Milner fails to  
9 provide even one example of where a CLEC has chosen to install a switch within its  
10 collocation arrangements in a BellSouth central office in Alabama. The reason is  
11 simple – there are no collocated CLEC switches in Alabama.

12 Additionally, placing switches in collocations will exponentially increase collocation  
13 costs (preparation, space, power, etc.) for the CLEC. Were such arrangements truly  
14 viable, one would expect to see many companies doing so.

15  
16 Q. ON PAGES 3-4 OF HIS REBUTTAL TESTIMONY MR. MILNER ALSO  
17 CHALLENGES YOUR USE OF THE FCC'S FINDINGS RELATED TO THE  
18 CLECS' NEED TO USE SWITCHES LOCATED "RELATIVELY FAR FROM  
19 THE END USER'S PREMISES" RESULTING IN "MUCH LONGER LOOPS  
20 THAN THE INCUMBENT ." HE STATES THAT A CLEC COULD "HOUSE  
21 ITS SWITCH IN A BUILDING DIRECTLY ACROSS THE STREET FROM  
22 THE ILEC'S CENTRAL OFFICE", AND REFERENCES CITATIONS IN HIS  
23 DIRECT TESTIMONY TO AT&T TESTIMONY IN AN EARLIER

1           **ARBITRATION PROCEEDING. PLEASE RESPOND.**

2       A.     Mr. Milner admits I have quoted the FCC correctly, but then goes on to state that he  
3           disagrees with the FCC.

4           Placing a CLEC switch across the street from one of several ILEC central offices  
5           being served by that CLEC switch, as Mr. Milner suggests, clearly does nothing to  
6           change the fact that the CLEC switch will still be "relatively far" from the end user's  
7           premises and require "much longer" loops than the ILEC for every end user premises  
8           NOT served from that ILEC central office. A CLEC switch that is close to an ILEC  
9           central office, by definition, means that it is "relatively far" from other ILEC central  
10          offices and the end users being served through those central offices.

11          Even for the single location where the CLEC switch is "directly across the street"  
12          from the ILEC central office, the CLEC will still require a collocation arrangement  
13          within the central office and backhaul to cross the street. Any cost reductions from  
14          such an arrangement (at the one location) would be incremental and would not  
15          eliminate the impairment that results from the significant cost disadvantage required  
16          to backhaul the loop from multiple ILEC central offices where the mass market  
17          customer loops terminate.

18          I have already addressed Mr. Milner's (and BellSouth's other witnesses')  
19          inappropriate use of the statements in AT&T's Arbitration testimony in my rebuttal  
20          testimony on pages 15 to 18. In short, Mr. Milner's reliance upon AT&T's  
21          arbitration testimony is misplaced because the issues in that case are different from  
22          the issues in this docket. The fact that AT&T is entitled to the tandem switching rate

1 because its switches serve widely dispersed enterprise customers (the issue in the  
2 arbitration) does not demonstrate that CLECs are not impaired in attempting to serve  
3 the mass market in the absence of unbundled switching (the issue in this docket).  
4

5 Q. ON PAGES 3-4 OF HIS REBUTTAL TESTIMONY MR. MILNER  
6 CHALLENGES THE NEED FOR CLECS TO "ESTABLISH A  
7 COLLOCATION ARRANGEMENT IN EVERY ILEC WIRE CENTER".  
8 CAN YOU ADDRESS THIS?

9 A. Yes. Mr. Milner's direct testimony and my response to BellSouth's Interrogatory 154  
10 both indicate that CLECs may generally have three options in the use of collocation  
11 arrangements to extend loops to their switches to serve the mass market. CLEC  
12 arrangements may include (1) collocations in ILEC wire centers that directly extend  
13 loops to the CLEC switch, or (2) collocations in ILEC wire centers that are "hubbed"  
14 to collocations located in another wire center through the use of "transport," with the  
15 receiving collocation equipped to directly extend the "hubbed" collocation loops to  
16 the CLEC switch, or (3) extending loops from a wire center without a collocation to a  
17 wire center that does have a collocation through the use of DS0 Enhanced Extended  
18 Links (EEL), with the receiving collocation equipped to directly extend the EEL  
19 loops to the CLEC switch.

20 Only the third option (DS0 EELs) allows the potential for a CLEC to serve a wire  
21 center without having a collocation in that wire center. However, CLECs have found  
22 that the use of DS0 EELs to serve mass market customers is operationally and  
23 financially infeasible. BellSouth reports in its response to AT&T's Interrogatory 115

1           that there are only 99 DS0 EELs in service from only 18 wire centers in Alabama.

2           Thus, as a practical matter, collocation in each wire center is required.

3

4   **Q.   ON PAGE 4-5 OF HIS REBUTTAL TESTIMONY MR. MILNER**  
5       **CHALLENGES YOUR STATEMENT THAT ILEC CHARGES TO**  
6       **TRANSFER LOOPS FROM THE ILEC TO THE CLEC OR BETWEEN**  
7       **CLECS ARE EXORBITANT. WHERE CAN THE COMMISSION LOOK TO**  
8       **FORM AN OPINION ABOUT THE LEVEL OF ILEC CHARGES FOR LOOP**  
9       **TRANSFERS?**

10   **A.   As stated on page 25 of the rebuttal testimony of Mark Van de Water:**

11           The FCC stated that the "record evidence indicates that the non-recurring  
12           costs associated with cutting over large volumes of loops would likely be  
13           prohibitively expensive for a competitive carrier seeking to provide service  
14           without the use of unbundled local circuit switching TRO at ¶ 470. The FCC  
15           found that a seamless, *low-cost* batch cut process switching mass market  
16           customers from one carrier to another is necessary, at a minimum, for carriers  
17           to compete effectively in the market. TRO at ¶ 487 (emphasis added). This  
18           batch cut process must "render the hot cut process more efficient and reduce  
19           per-line hot cut costs." TRO at ¶ 460.

20           Clearly, the FCC was aware the non-recurring costs had been set in state proceedings,  
21           and found them "prohibitively expensive."

22

23   **Q.   ON PAGE 5 OF HIS REBUTTAL TESTIMONY MR. MILNER**  
24       **CHALLENGES THE VALIDITY OF COMPARING THE LOOP TRANSFER**  
25       **PROCESS WITH THE UNE-P OR PRIMARY INTEREXCHANGE CARRIER**  
26       **(PIC) CHANGE PROCESSES. ARE THESE VALID COMPARISONS?**

1 A. Yes. In his direct testimony, beginning on page 63, AT&T's witness Mark Van de  
2 Water discussed how the FCC identified the standard against which an ILEC's hot cut  
3 process should be measured. The FCC itself established the UNE-P process as a  
4 standard.

5 This review is necessary to ensure that customer loops can be transferred from  
6 the incumbent LEC main distribution frame to a competitive LEC collocation  
7 *as promptly and efficiently as incumbent LECs can transfer customers using*  
8 *unbundled local circuit switching."* TRO at n.1574 (emphasis added).  
9

10 My discussion serves to demonstrate what must happen in order to eliminate the  
11 operational impairment caused by the manual hot cut processes Mr. Milner  
12 references. However, as I discuss in my rebuttal testimony, the Commission should  
13 establish a separate docket to investigate ways to eliminate this operational  
14 impairment, such as Electronic Loop Provisioning (ELP), after it confirms through its  
15 deliberations in this docket that the FCC's impairment findings still apply in  
16 Alabama.

17

18 Q. ON PAGE 6 OF HIS REBUTTAL TESTIMONY MR. MILNER ASSERTS  
19 THAT CLECS DO NOT NEED TO PERFORM THE FUNCTIONS YOU  
20 DISCUSS (DIGITIZATION, CONCENTRATION, MULTIPLEXING, AND  
21 AGGREGATION) FOR THEMSELVES BUT CAN RELY UPON  
22 BELL SOUTH'S UNBUNDLED LOOP CONCENTRATION (ULC)  
23 OFFERING. ARE YOU AWARE OF THIS OFFERING AND IS IT THE  
24 SUBSTITUTE MR. MILNER CLAIMS?

25 A. Yes, I am aware of this offering and no, it is not the solution Mr. Milner would have  
26 this Commission believe.

1 First, it is important to note that Mr. Milner does not dispute that these functions  
2 (digitization, concentration, multiplexing, and aggregation) must be performed in  
3 order for a CLEC to backhaul its customer's traffic to its own switch. Therefore, a  
4 legitimate question is whether the CLEC should lease or purchase the equipment to  
5 perform these functions. BellSouth's ULC offer might be thought of as the option to  
6 lease the equipment rather than purchase.

7 However, BellSouth's ULC offering introduces a number of operational problems not  
8 present when a CLEC installs its own Digital Loop Carriers (DLC). A major  
9 operational problem is the ordering of BellSouth's ULC offering. All ordering of  
10 service for the ULC arrangement must be performed manually, using facsimile  
11 transmission of the Local Service Request (LSR). Further, there is not one word of  
12 instruction as to how to fill out such an LSR in the BellSouth Local Ordering  
13 Handbook, which may be found and searched for "Unbundled Loop Concentration"  
14 or "ULC" on-line at  
15 [http://www.interconnection.bellsouth.com/guides/leo/bbrlo\\_releases/14\\_0/pdf/140-](http://www.interconnection.bellsouth.com/guides/leo/bbrlo_releases/14_0/pdf/140-3.pdf)  
16 [3.pdf](http://www.interconnection.bellsouth.com/guides/leo/bbrlo_releases/14_0/pdf/140-3.pdf).

17 Additional operational concerns include the fact that the use of BellSouth's ULC  
18 offering and the provisioning of a CLEC Digital Subscriber Line (DSL) service are  
19 incompatible and that CLEC testing and repair of the DLC portion of its backhaul  
20 arrangement is eliminated. BellSouth's ULC offering is clearly inferior to CLEC  
21 owned DLCs installed in the CLEC's collocation.

1 Evidently, neither BellSouth nor Mr. Milner considers ULC to be a creditable  
2 solution, since Mr. Milner's direct testimony does not mention it as part of any  
3 network architecture option available or useful to CLECs, and BellSouth's own  
4 BACE model does not include the use of the ULC offering in its manipulations

5

6 **Q. ON PAGE 7 OF HIS REBUTTAL TESTIMONY MR. MILNER**  
7 **CHALLENGES YOUR REASONS FOR THE CLECS' USE OF DLC,**  
8 **ASSERTS THAT YOUR TESTIMONY STATES THAT ONLY CLECS MAKE**  
9 **USE OF DLC EQUIPMENT, AND NOTES THAT ILECS USE DLC**  
10 **EQUIPMENT ROUTINELY. HOW DO YOU RESPOND?**

11 **A.** In his rebuttal Mr. Milner manages to ignore the contents of the very next paragraph  
12 of my testimony that states:

13 The equipment digitizes, encodes, concentrates and multiplexes the analog  
14 signals received from the customer so that the CLEC can extend the loop  
15 signal back to its remote switch in a manner the (1) provides service quality  
16 that will meet customer expectations and (2) minimizes the CLEC's costs to  
17 transport its customers' traffic back and forth from its switch. (Bradbury,  
18 direct, page 27, lines 16 - 21)

19

20 I make no suggestion that DLC equipment is only "useful... for differences in  
21 transmission quality." (Milner, rebuttal, page 7, lines 10-11).

22 At the central office, the need to use DLCs in their collocations to interface with  
23 analog DSO mass market loops is unique to CLECs and not required for the ILEC's  
24 interface with those very same loops. BellSouth's response to AT&T's Interrogatory  
25 118 in Florida Docket No. 030851-TP, prepared by Mr. Milner, confirms this. When  
26 asked to provide the number and percentage of loops converted to T1 (DS1) level  
27 interfaces through the use of DLCs located in the central office, Mr. Milner replied:

1 This question cannot be answered as posed because any multiplexing of  
2 copper subloops (that is, individual copper loop distribution pairs) unto DS1  
3 of higher level digital transmission facilities occurs at the DLC Remote  
4 Terminal ("RT"), rather than within the central office.

5 CLECs must use DLCs in their ILEC central office collocations to receive analog  
6 communications from the loop, and digitize, concentrate, and multiplex the  
7 communications so that the connecting backhaul facility can be used efficiently; the  
8 CLEC's switch can provide the customer with dial tone, ringing, and other functions;  
9 and customer service quality will meet expectations. The ILEC is able to achieve all  
10 of this with the "jumper" wire pair I discussed on page 17 of my direct testimony.  
11

12 **Q. ON PAGE 8 OF HIS REBUTTAL TESTIMONY MR. MILNER ATTEMPTS**  
13 **TO ADDRESS THE "LUMPY" CHARACTERISTICS OF DLC EQUIPMENT,**  
14 **AND DIGITAL CROSS CONNECTION (DSX) EQUIPMENT. DO HIS**  
15 **COMMENTS ALTER THE PRINCIPLE YOU DISCUSS OR THE IMPACT**  
16 **UPON THE CLECS?**

17 **A.** No. There are DLCs that come in sizes smaller than used in my example. The tool  
18 used by Mr. Turner to conduct the DSO Impairment Analysis allows for this  
19 flexibility, as does BellSouth's BACE model. However, CLECs electing to use  
20 DLCs installed in smaller increments will then have to bear the increased cost of  
21 more frequent installations. It is a decision that means the CLEC will be selecting  
22 between which kinds of lumps it wants in its cost equation – equipment cost lumps or  
23 installation cost lumps. In either case, CLEC costs to serve the same mass market  
24 customers are greater than ILEC costs.

1 While Mr. Milner's comments are generally factual, he has provided mis-information  
2 about DSX-3 and DSX-1 equipment. A DSX-1 is not a smaller version of a DSX-3.  
3 These two pieces of equipment operate at different digital single levels. If you need a  
4 DSX-3, a DSX-1 cannot be substituted

5

6 Q. ON PAGE 8-9 OF HIS REBUTTAL MR. MILNER CLAIMS TO BE  
7 SPEAKING TO YOUR TESTIMONY LISTING THE STEPS IN  
8 BELLSOUTH'S HOT CUT PROCESS AND STATES THAT HE SEES SOME  
9 SORT OF IRONY THAT YOUR EARLIER TESTIMONY FOUND THIS  
10 PROCESS TO BE INADEQUATE. HOW DO YOU RESPOND?

11 A. Mr. Milner offers no rebuttal of my testimony and there is no irony. The paragraph  
12 he is citing concludes "the process is inadequate to service mass market customers."  
13 Clearly Mr. Milner had some agenda other than rebutting my testimony and the  
14 Commission should disregard the entire question and answer in Mr. Milner's  
15 testimony.

16

17 Q. ON PAGE 10 OF HIS REBUTTAL TESTIMONY MR. MILNER  
18 CHALLENGES YOUR STATEMENT CONCERNING THE NEED FOR  
19 COPPER LOOPS OF LESS THAN 18,000 FEET IN ORDER TO PROVIDE  
20 DSL SERVICES, STATING THAT A CLEC "COULD LIKEWISE  
21 COLLOCATE ITS DSLAM (DIGITAL SUBSCRIBER LINE ACCESS  
22 MULTIPLEXER) AT THE REMOTE TERMINAL." IS IT REALLY THAT  
23 SIMPLE?

1 A. No. CLECs do not have "remote terminals" as Mr. Milner is using the term. A  
2 CLEC's "terminals" (DLCs) are located in the central office. BellSouth will not  
3 allow a CLEC to place a CLEC DSLAM card in a BellSouth remote terminal.  
4 Therefore, to have a "remote terminal collocation", a CLEC would have to build it  
5 and provide or arrange transport facilities from it to the CLEC's central office  
6 collocation

7 While the technology for remote collocation exists, the economics do not. This is  
8 evidenced by the fact that, to the best of my knowledge, there are no CLEC remote  
9 terminal collocations in BellSouth's territory. If this were a valid solution one would  
10 expect to see CLECs requesting and performing remote terminal (RT) collocations.  
11 They are not.

12 I would note that this is another case in which BellSouth and Mr. Milner apparently  
13 do not believe in the validity of their own proposals, since Mr. Milner's direct  
14 testimony mentions remote terminal collocation only in passing and BellSouth's  
15 BACE model does not include the use of remote terminal collocation in its  
16 manipulations.

17

18 Q. ON PAGES 10-11 OF HIS REBUTTAL TESTIMONY MR. MILNER  
19 CHALLENGES YOUR STATEMENT THAT THE CLECS' LACK OF  
20 ECONOMIES OF SCALE WILL MAKE THEIR CALL TERMINATION  
21 ARRANGEMENTS MORE RELIANT ON THE ILEC'S TANDEM  
22 NETWORK. HOW DO YOU RESPOND?

1 A. Once again, Mr. Milner is providing the exception that proves the rule. While the list  
2 of factors both the CLECs and the ILECs use in the calculus of determining whether  
3 to direct or tandem trunk are the same, the values in each parties equations will be  
4 vastly different. The values in a CLEC's equations will always result in a higher  
5 reliance upon tandem trunking because of the CLEC's relative lack of scale in  
6 comparison to the ILEC. Where a CLEC does have sufficient scale (volume)  
7 between two offices to justify direct trunking, I would expect that CLEC to make the  
8 proper economic decision.

9 Having a higher reliance upon ILEC tandem trunking increases the CLEC's cost of  
10 call termination and the greater potential for call blockage if the ILEC fails to  
11 properly manage the tandem trunk network.

12

13 **RESPONSES TO MR. GRAY**

14 **Q. ON PAGES 7-8 OF HIS REBUTTAL TESTIMONY MR. GRAY**  
15 **CHALLENGES THE NEED FOR CLECS TO HAVE A COLLOCATION**  
16 **ARRANGEMENT IN EVERY ILEC WIRE CENTER IN ORDER TO OFFER**  
17 **FACILITIES BASED MASS MARKET SERVICES. IS THIS CHALLENGE**  
18 **ANY DIFFERENT FROM THAT MADE BY MR. MILNER?**

19 A. No. Mr. Gray's comments are the same as those made by Mr. Milner, discussed  
20 previously. As a practical matter, collocation in each wire center is required to serve  
21 the analog DS0 loop mass market customer, EELs and assembly points  
22 notwithstanding. I would note that assembly points were not mentioned in Mr.  
23 Milner's direct testimony and that the BellSouth BACE model does not include them

1 in its manipulations.

2

3 Q. ON PAGES 8-10 OF HIS REBUTTAL TESTIMONY MR. GRAY ADDRESSES  
4 THE ISSUE OF PLACING SWITCHES IN COLLOCATIONS. DOES THIS  
5 DISCUSSION PROVIDE THE COMMISSION WITH ANY MEANINGFUL  
6 INFORMATION?

7 A. No. As I discussed previously, the meaningful information is the fact that no CLECs  
8 have found such an arrangement to be economically attractive in Alabama.

9

10 Q. ON PAGES 10-14 OF HIS REBUTTAL TESTIMONY MR. GRAY DISCUSSES  
11 A NUMBER OF CHARGES AND FEES ASSOCIATED WITH  
12 COLLOCATION ARRANGEMENTS. DOES ANY OF THIS INFORMATION  
13 SIGNIFICANTLY CHALLENGE OR CHANGE THE FACT THAT THESE  
14 COSTS OF COLLOCATION EXIST FOR CLECS?

15 A. No. Mr. Gray's comments provide clarification about how these costs are billed to  
16 CLECs by BellSouth, but otherwise confirm that the costs exist and are significant  
17 factor in any CLECs attempts to serve mass market customers using analog DS0  
18 loops.

19

20 RESPONSES TO MR. TENNYSON

21 Q. ON PAGES 3 THROUGH 6 OF HIS REBUTTAL TESTIMONY MR.  
22 TENNYSON COMMENTS ON ELECTRONIC LOOP PROVISIONING  
23 (ELP), CITING TO THE TESTIMONY OF AT&T'S WITNESS MARK VAN

1           DE WATER. DID YOU ALSO ADDRESS ELP IN DIRECT AND REBUTTAL  
2           TESTIMONY?

3    A.     Yes. I addressed ELP on pages 43 - 46 of my direct testimony and on pages 23 - 25  
4           of my rebuttal testimony.

5

6    Q.     WHAT RECOMMENDATION TO THE COMMISSION DID YOU MAKE IN  
7           YOUR REBUTTAL TESTIMONY REGARDING ELP?

8    A.     I noted that AT&T was not proposing that the Commission order the implementation  
9           of ELP as a result of its deliberations in this docket as that was not one of the  
10          purposes of this docket. I further noted that ELP was not an issue in the docket. My  
11          recommendation was that:

12                 The Commission should open a separate docket to address how to eliminate  
13                 the impairment it will find here. It is in that docket that ELP and any other  
14                 proposals with potential to eliminate impairment should be considered.  
15                 (Bradbury, rebuttal, page 26, lines 8-10.)  
16

17   Q.     IS THIS STILL YOUR RECOMMENDATION TO THE COMMISSION?

18   A.     Yes it is.

19

20   Q.     WHAT THEN DO YOU SUGGEST THAT THE COMMISSION DO WITH  
21           THE INFORMATION ABOUT ELP AND THE OTHER PROPOSALS WITH  
22           POTENTIAL TO ELIMINATE IMPAIRMENT BEING PRESENTED IN THIS  
23           DOCKET BY VARIOUS PARTIES, INCLUDING AT&T?

24   A.     The Commission should accept the information that has been presented in this docket  
25           for use in formulating the scope of the follow-on docket in which it would consider

1       these issues. This would allow the parties and the Commission to focus in the current  
2       docket on the issues specifically requiring consideration in this proceeding by the  
3       TRO.

4       In the separate follow-on docket the parties and the Commission would then not be  
5       constrained by the arbitrary 9-month interval mandated by the TRO. The parties and  
6       the Commission could then devote the appropriate resources necessary to present and  
7       consider the complex technological, cost and policy issues associated with an effort to  
8       eliminate impairment in a more reasoned and less constrained manner.

9

10    **Q.    IS THERE SPECIFIC INFORMATION IN MR. TENNYSON'S TESTIMONY**  
11       **TO WHICH YOU WISH TO RESPOND?**

12    A.    Yes. In keeping with my view of how the Commission should proceed with regard to  
13       information presented in this docket related to ELP and other proposals with potential  
14       to eliminate impairment, I will limit my comments, with the expectation that there  
15       will be a forum at a later date in which a full investigation of the issues will occur.  
16       Additional detail about ELP in support of the comments I will make below can be  
17       found in Exhibit JMB-SR1, a presentation entitled "Electronic Loop Provisioning  
18       (ELP), Enabling the Competitive, All Service Network of the Future," dated  
19       November, 2003.

20       On page 4, Mr. Tennyson discusses packetizing digital signals into Asynchronous  
21       Transfer Mode (ATM) cells and then asserts "this packetization is not performed in  
22       any DLC systems used in BellSouth today". This is misleading. All DLCs in  
23       Alabama that BellSouth has equipped to provide DSL service do perform

1 packetization to ATM format for the DSL service. BellSouth has not invested in  
2 cards for those DLCs that are capable of packetizing voice or combined voice and  
3 DSL. Such cards convert the existing Next Generation DLCs (NGDLCs) into the  
4 "true" NGDLC (tNGDLC) discussed in Exhibit JMB-SR1.

5 Later on page 4, Mr. Tennyson provides the following note and assertion. "Note that  
6 this process (referring to ELP) would require that every loop be connected to an ATM  
7 switch, a switch that does not exist in BellSouth's network today." Mr. Tennyson is  
8 wrong on both counts. As can be seen in the diagrams on pages 15, 26 and 27 of  
9 Exhibit No. JMB-SR1 in the ELP architecture, once the loop has been treated by the  
10 tNGDLC it is the highly efficient, packetized, high capacity ATM uplink of the  
11 tNGDLC that is connected to the ATM switch, individual loop connections to the  
12 ATM do not exist. Second as Mr. Tennyson later admits (page 5) BellSouth does  
13 have ATM switching capability. Today that capability is used to support BellSouth's  
14 DSL product lines and others that make use of ATM technology. The fact that  
15 "BellSouth does not have the quantity of switches, or the switch capacity, necessary  
16 to deploy ELP" (Tennyson, rebuttal page 6, lines 6-7) is unremarkable and does not  
17 demonstrate that it could not deploy additional ATM switching capacity to implement  
18 ELP.

19 On page 6, Mr. Tennyson also admits that BellSouth has voice gateways in its  
20 network, but once again makes the unremarkable claim that they are not "in the  
21 necessary capacity, or quantity." This claim does not demonstrate that BellSouth  
22 could not deploy additional voice gateway capacity to implement ELP.

1 On page 5, Mr. Tennyson makes the claims that “ELP is not the best architecture to  
2 enable DSL and would impede DSL innovation” These claims are absurd – ELP is  
3 built on exactly the same architecture that BellSouth is using to implement DSL --  
4 remote terminal NGDLC deployments using ATM protocols.

5 On page 5, Mr. Tennyson, in discussing how long it might take to deploy ELP, states  
6 “It would take at least several years, given the magnitude of such an undertaking  
7 given that each and every loop in BellSouth’s region will need to be modified.” ELP  
8 can be implemented in phases, over time and by “priority”, starting when and where  
9 BellSouth desires to be relieved of its obligation to provide unbundled switching. As  
10 each geographic area is converted on BellSouth’s (or the Commission’s ordered)  
11 schedule, unimpaired competition would be established and BellSouth would receive  
12 the relief it seeks. While, ultimately, modification of “each and every loop” *may*  
13 eventually be required, it also may *never* be required. Only those loops that actually  
14 do become subject to migration to a CLEC need to be immediately “ELPed,”  
15 allowing for the use of a managed process like that being used for the support of  
16 BellSouth’s DSL deployment. Further, I would note that the UNE-P to UNE-L  
17 transition itself, if BellSouth were granted relief in this docket, would not complete  
18 until May 2007, or several years from now.

19 Finally there is the matter of cost. Mr. Tennyson provides a discussion of cost on  
20 page 4, line 22 to page 5, line 19, but provides no support for how any of the three  
21 major data points he presents were determined. He claims that with ELP, CLECs  
22 would avoid only \$13 per loop in costs compared to the existing hot cut costs. There  
23 is no explanation as to how this number was derived; however, here are some factors

1 that would have to play in such a calculation: (1) the cost to CLECs of an SL1 hot cut  
2 in Alabama is \$64.09; (2) the BellSouth central office technician work time per hot  
3 cut is approximately 43 minutes; (3) an additional hour of BellSouth outside plant  
4 technician work time is required on all loops served by IDLC (24% in Alabama). It is  
5 difficult to grasp Mr. Tennyson's determination that only \$13 dollars of cost is  
6 avoided by ELP given the known amount of work that is eliminated. Second, Mr.  
7 Tennyson states that there would have to be an on-going monthly charge of \$6.66 per  
8 loop per month. Again no explanation is provided. Possibly this number was  
9 somehow derived from Mr. Tennyson's third claim that "it would cost BellSouth  
10 approximately \$8 billion in capital expenditures to implement ELP in its network,"  
11 but there is no indication how that number was determined, either.

12 Exhibit No. JMB-SR1 addresses costs on page 21. AT&T's estimate of the total cost  
13 to implement ELP in BellSouth's territory would be approximately one-half  
14 BellSouth's estimate, and that does not take into consideration the costs avoided by  
15 the elimination of collocation costs, hot cuts, etc.

16  
17 **Q. SHOULD COST BE THE ONLY CONSIDERATION IN EVALUATING AN**  
18 **ELP PROPOSAL?**

19 **A.** No, of course not, and that is one of the major reasons behind my recommendation  
20 that the Commission open a separate docket to consider these matters. An investment  
21 in ELP or any other proposal with the potential to eliminate impairment must be  
22 viewed in the context of its benefits. ELP provides significant benefits (including

1 cost reductions, enhanced features, and increased revenue opportunities) to a broad  
2 range of constituents and telecommunications issues, including:

- 3 • End-Users
- 4 • Competition
- 5 • CLECs & ILECs
- 6 • Broadband & Advanced Services
- 7 • Local Network Infrastructure
- 8 • Telecommunications Industry / Market
- 9 • U.S. Economy

10 It simply is not possible within the scope and the artificial time constraints placed  
11 upon this proceeding by the TRO for the Commission to make a fully informed  
12 decision about ELP in this docket.

13  
14 **RESPONSES TO MR. FOGLE**

15 **Q. ON PAGE 22 OF HIS REBUTTAL TESTIMONY, MR. FOGLE**  
16 **CHALLENGES YOUR STATEMENT THAT CLECS ARE DENIED THE**  
17 **ABILITY TO PROVIDE DSL SERVICE TO CUSTOMERS EXCEPT WHEN**  
18 **A COPPER LOOP OF LESS THAN 18,000 FEET IN LENGTH IS**  
19 **AVAILABLE AND DISCUSSES A NUMBER OF OPTIONS HE STATES A**  
20 **CLEC CAN UTILIZE. IS THERE ANY DIFFERENCE BETWEEN MR.**  
21 **FOGLE'S COMMENTS AND THOSE OF MR. MILNER, TO WHICH YOU**  
22 **RESPONDED ABOVE?**

23 **A.** Not really. Mr. Fogle's list of options is longer but contains none that allows any  
24 CLEC to have a DSL reach relative to mass market customers that is anywhere near  
25 equal to BellSouth's at an economic cost. As I noted in my direct testimony, the  
26 retail product BellSouth provides to the mass market is its FastAccess ® Service. All

1 of the options Mr. Fogle lists are either (1) prohibited by BellSouth, (2) uneconomic,  
2 (3) inappropriate for the mass market, (4) and/or provide an inferior service when  
3 compared to BellSouth's FastAccess ® Service.

4

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

6 **A. Yes.**

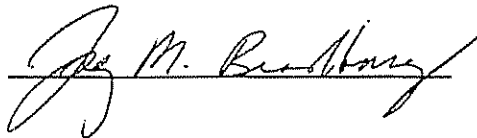
## AFFIDAVIT

STATE OF GEORGIA

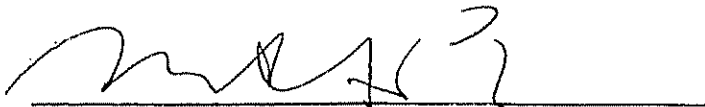
COUNTY OF FULTON

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared JAY M. BRADBURY, who being by me first duly sworn, deposed and said that:

He is appearing as a witness before the Alabama Public Service Commission in Docket No. 29054, Phase II, on behalf of AT&T Communications of the South Central States, LLC, and if present before the Commission and duly sworn, his surrebuttal testimony would be set forth in the annexed testimony consisting of 21 pages and 1 exhibit (s).



SWORN TO AND  
SUBSCRIBED BEFORE ME  
THIS 23<sup>rd</sup> DAY  
OF MARCH, 2004.

  
NOTARY PUBLIC

My Commission expires:

MARGARET A. PLASKAN  
Notary Public, Gwinnett County, Georgia  
My Commission Expires November 21, 2005



# **Electronic Loop Provisioning (ELP)**

---

***Enabling The Competitive, All-Service  
Network Of The Future***

**November 2003**

# Overview

## *Electronic Loop Provisioning (ELP)* *Enabling The Competitive, All-Service Network Of The Future*

<<< Background and Introduction >>>

<<< Network Architecture and Design >>>

<<< Investments and Costs >>>

<<< Attachments >>>



# Background and Introduction



# Background

## *Why The Need For ELP ?*

- The local network and loop access architecture was designed with one carrier and one carrier only in mind—the Incumbent LEC
- As a result, there are inherent architectural impediments in the Incumbent LECs' local networks that effectively preclude practical and economic CLEC access to analog voice-grade loops used to provide voice services
- Unlike the ILECs, whose circuit switches are located at the same location where their end-users' loops terminate (i.e. the Local Serving Office or LSO), CLECs must create an extensive "backhaul network" to extend their end-users' loops to their circuit switches
- In order to connect their customers' loops to their switches, the ILECs merely run a jumper wire from one side of a Main Distribution Frame ("MDF") to the other in the same LSO
- In sharp contrast, CLECs face a significant "backhaul penalty" in order to connect UNE-Loops to their circuit switches
- The underlying network must change in order to accommodate practical, efficient and economical multi-carrier access to loops – ELP is one potential way

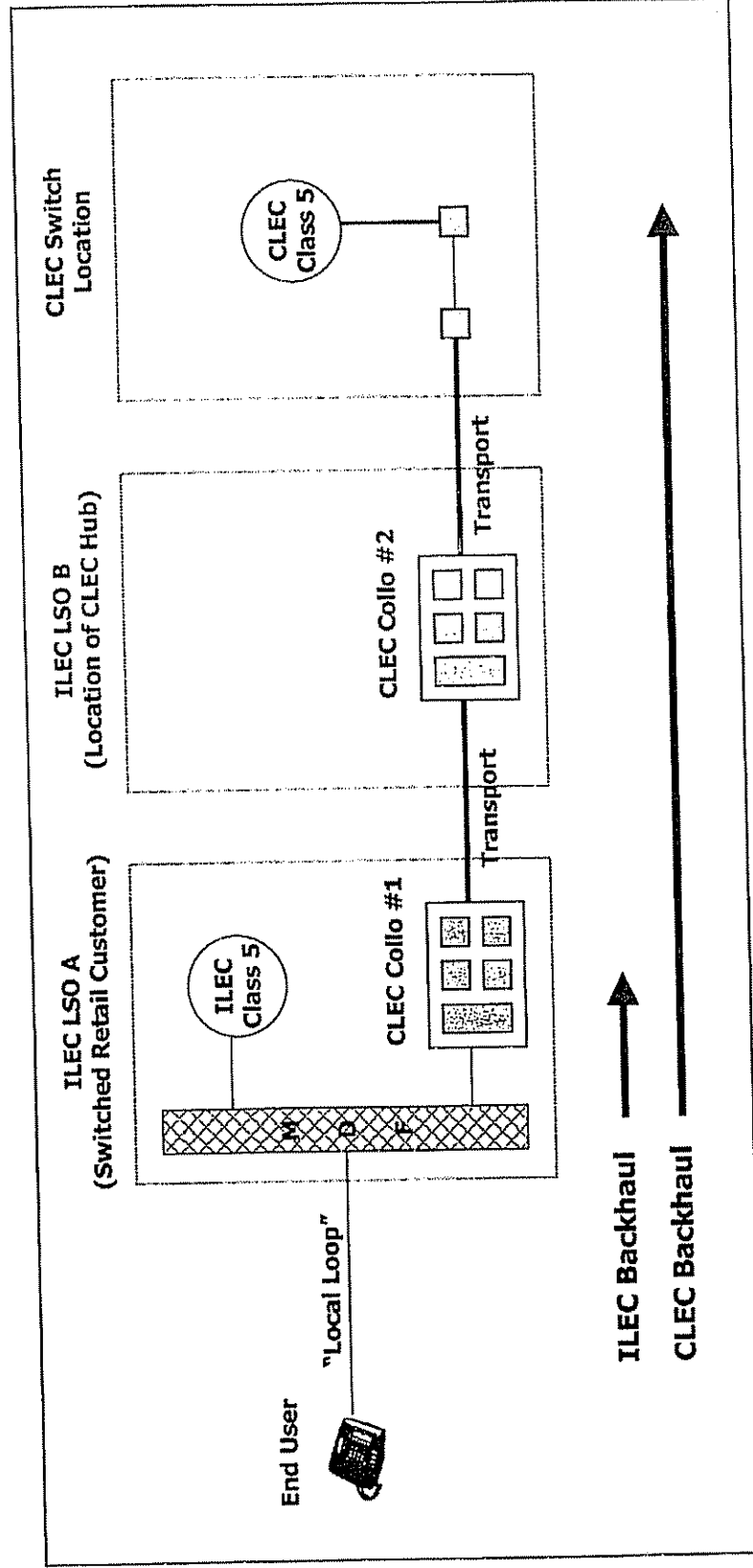
# Background

## *The CLEC Backhaul Penalty*

- In summary, the CLEC backhaul penalty includes the following costs :
  - (1) Engineering, establishing and maintaining collocation, including the associated space preparation and power requirements for sustaining collocation
  - (2) Installing and maintaining digitization, concentration and multiplexing equipment at collocations, as well as related monitoring/testing and power distribution equipment
  - (3) Arranging for and providing transport between collocations and CLEC switch locations
  - (4) Engaging in the "coordinated hot-cut process" in order to migrate loops from the ILEC's network to the CLEC's network, which starts at the CLEC collocation
- Only after each of these requirements have been satisfied can a CLEC provision POTS service to end-users using an unbundled ILEC loop
- This "backhaul penalty" makes it practically and economically prohibitive to service analog voice grade loops using a UNE-L facilities based entry

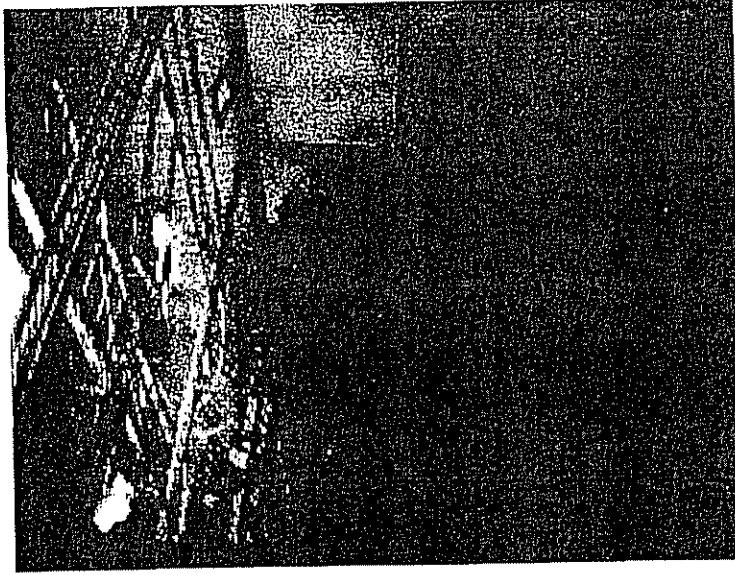
# Background

## *ILEC vs. CLEC Loop Access*

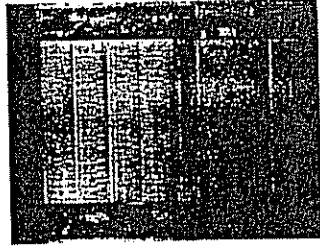


# Background

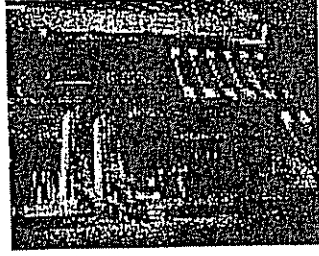
*Today's Collocation\*  
Digitization, Concentration, Multiplexing, Power and Testing Equipment*



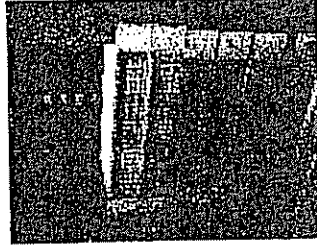
Collocation Cage  
(Empty—Looking Out)



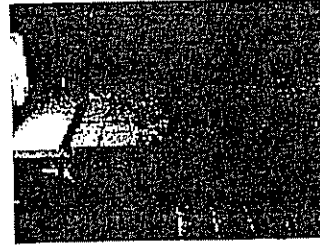
DLC



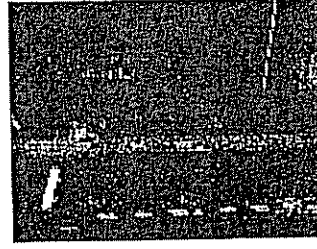
DSX-1



DSX-3



OC-X

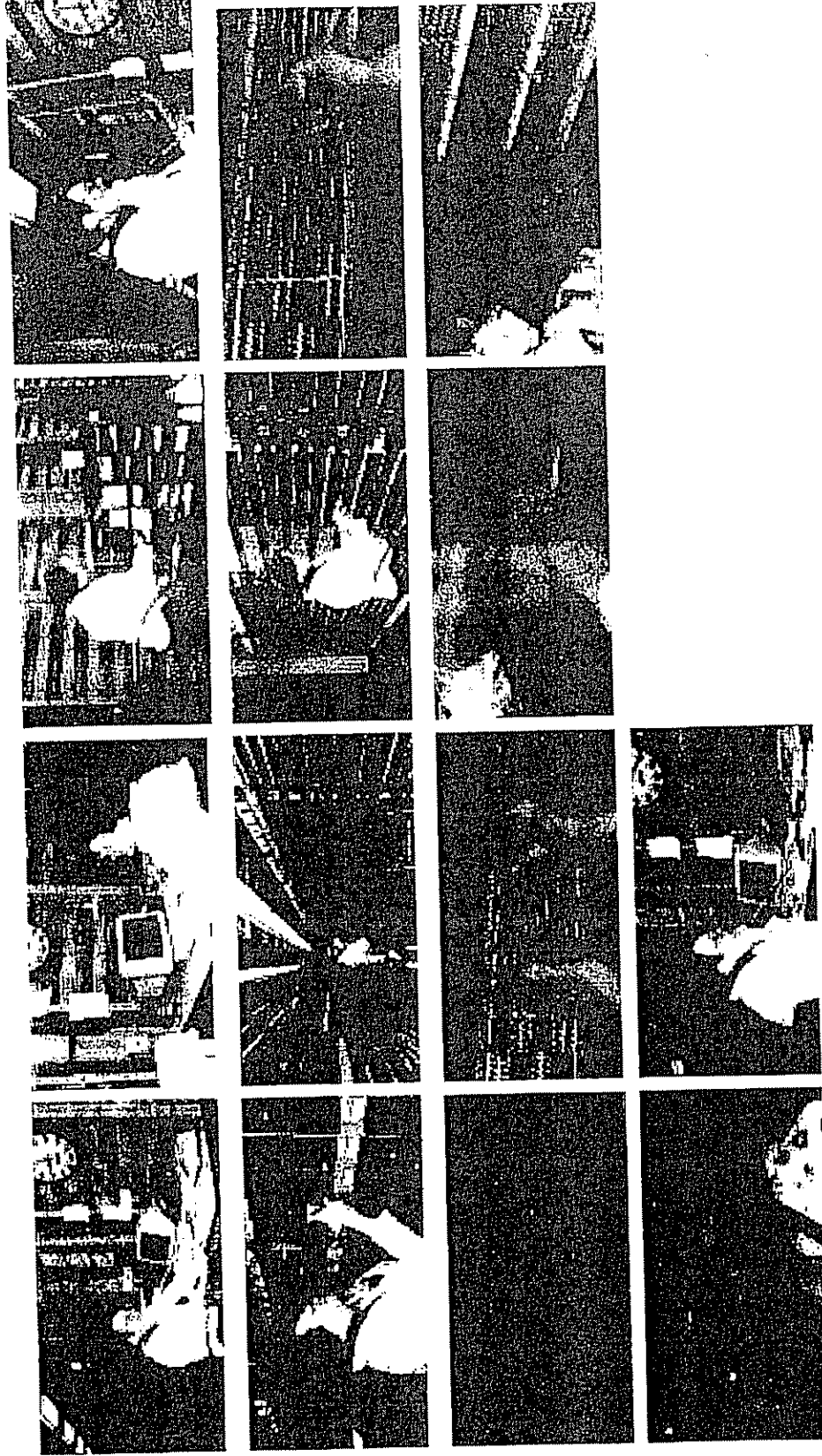


BDFB

\*NOTE : Collocation profiles may vary based on CLEC and/or particular circumstances.

# Background

## *Today's Loop Migration via "Hot-Cuts"*



Source : BellSouth

ELP Overview – November 2003

AT&T



# Background

## *ELP Is One Potential Solution*

- ELP addresses the underlying network architecture issues that impede competition for the so-called "mass-market" (i.e., residential and small business locations)
- ELP is a targeted infrastructure upgrade to the incumbent LECs' local network that introduces currently available network transmission technology into the local access network that digitizes and packetizes all end-user communications traffic, both voice and data
- Digitization and Packetization of the local access network...
  - ...eliminates the need for manual, labor-intensive "hot-cuts"
  - ...reduces the need for CLEC collocation and related equipment
  - ...improves CLEC transport economies
- ELP (or a technological equivalent that provides CLECs equivalent access to end-user loops as the ILECs) in conjunction with pro-competitive policies is required in order to make it both (a) practical, and (b) economic for CLECs to serve mass market locations using UNE-L facilities based entry
- Absent such a solution, UNE-P is the only practical and economic entry strategy to bring local competition to mass market locations

# Introduction

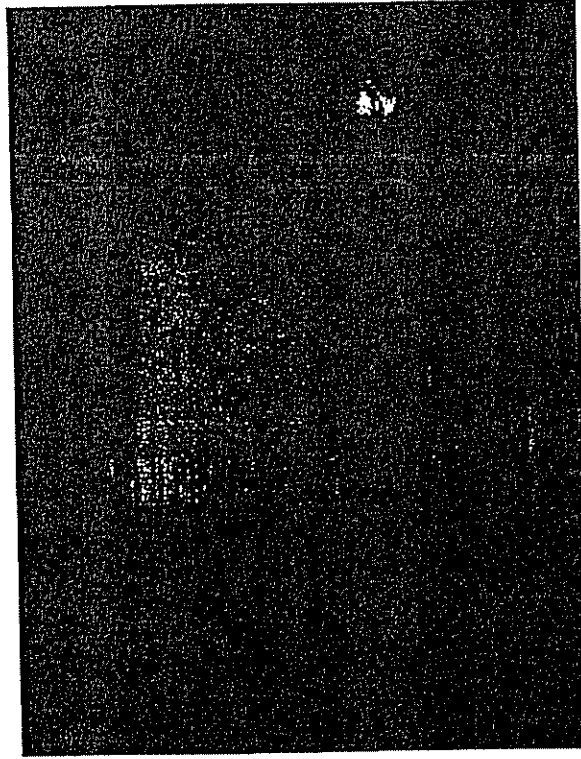
## *AT&T's Proposed Solution*

- AT&T's ELP proposal is one way in which voice digitization and packetization in the access network can be achieved
- It is premised on a "true" NGDLC access architecture that employs ATM transmission protocol
- ELP introduces three network elements into the local access network:
  - "true" Next Generation Digital Loop Carrier (tNGDLC) equipment
  - ATM modules
  - Voice Gateways (VGs)
- The introduction of these network elements transforms the local network into a digital, packet access network
- This fundamental change enables an open network architecture that will support nondiscriminatory multi-carrier access



# Background

## Loop Migration via ELP



```

SUNOS 5.6
login, elp
password
Last login: Wed May 22 16:22:47 from 135.46.74.31
Sun Microsystems, Inc. SunOS 5.6 Generic August 1997

Electronic loop provisioning - access concentrator 0157.134.254.1

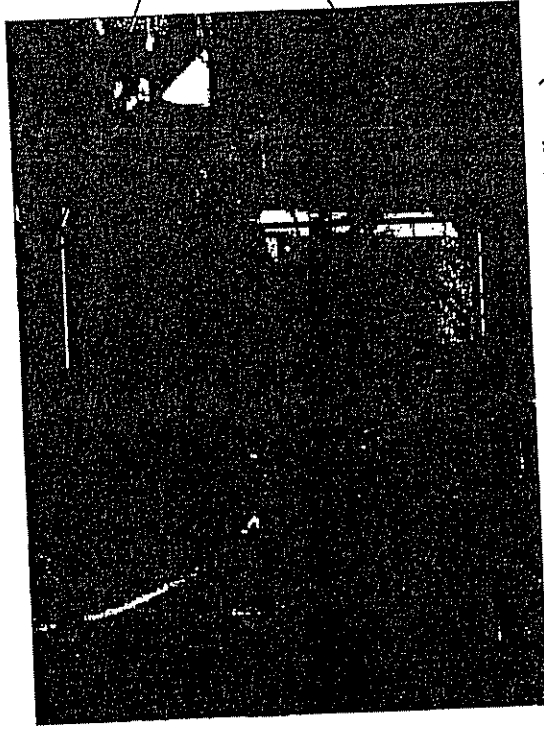
Enter subscriber: providers services -or- 'x' to exit
Enter att: pots

ELP-renewing pots service for again to provider att
ELP-deleting 11/2/94 on 3/4...
ELP-deletes
ELP-adding ELP_synchronizer_21134_v2134_att on 3/4...
ELP-added
ELP-LOCAL NUMBER PORTABILITY WOULD DECOMMOD ...
Enter subscriber: providers services -or- 'x' to exit
ELP>

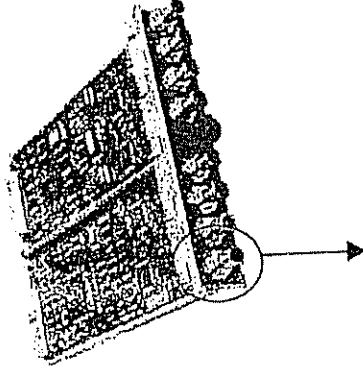
```

# Background

## *Collocation Under ELP An ATM Module Port and Associated Transport Facility\**



ATM Module (Backplane View)



CLEC Collocation can equal a DS1, DS3, or OC-3 or higher port on the ATM Module w/associated transport facility

\*NOTE : Collocation under ELP will vary/be dependent upon how it is architecturally implemented.

AT&T

ELP Overview – November 2003

# Network Architecture and Design



# Network Architecture and Technology

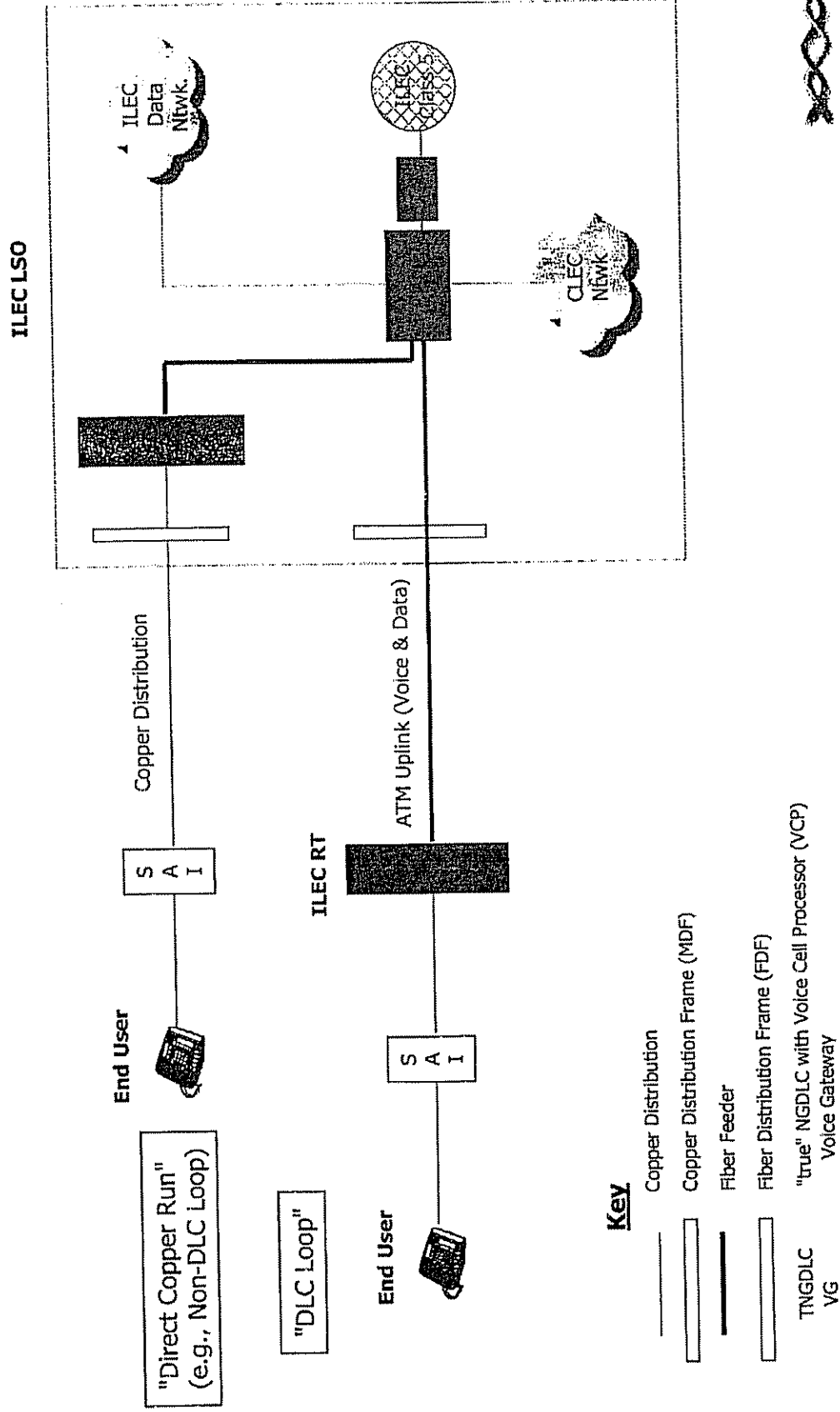
## *Three Key Elements*

- Three Prime Components in the ELP Architecture
  - "true" NGDLC (tNGDLC)
  - ATM module
  - Voice Gateway (VG)
- **tNGDLC.** Performs the analog-to-digital conversion, voice and data "packetization" (e.g., Voice Packet Processing or VPP), multiplexing and concentration of end-users' communications traffic
- **ATM Module.** Performs the multiplexing and concentration of end-users' communications traffic from sub-tending tNGDLC units in RTs or in the CO
- **VG.** Performs the packet-to-circuit protocol conversion between the ATM based ELP access architecture and TDM based circuit switched architecture



# ELP Network Architecture Overview

## Generic ELP Network Architecture



# Network Architecture and Technology

## *"true" NGDLC Technology*

- **"True" NGDLC (tNGDLC) technology** converts current separate voice/data hardwired end-user to central office connections into software-defined connections that:
  - Convert end-user analog voice signals into packet format before they are transported to the central office
  - Combine these voice signals with data traffic (which current DSL technology already transports as packets)
  - Transport these combined voice and data packets to the central office over all-fiber facilities
- The most convenient packet-like transport format is likely to be **Asynchronous Transfer Mode (ATM)** protocol:
  - ATM is the format currently used for nearly all DSL transport
  - ATM permits quality-controlled permanent virtual circuits (PVCs) to be established and maintained for voice traffic as well



# Network Architecture and Technology

## *Values of a Digital, Packet Access Network*

- By converting data *and* voice traffic into packet format...
- All traffic rides on a converged loop network
- A central office-located packet module (e.g., an ATM module) serves as an efficient interface point where all service providers can access all voice and data PVCs ("loops") subtending this switch
  - An end-user's voice traffic may be unbundled separately from that end-user's data traffic
  - Both ILECs and CLECs obtain identical access to these loops (although CLECs still face some asymmetric but reduced backhaul costs and issues)
- Because the "loop" and "network" ports on this packet module are software-controlled:
  - Loops can be assigned to different carriers instantaneously
  - New services can be provisioned by all carriers equally
  - Functionality analogous to 1980s FGD "equal access" with its automated PIC process for selecting long distance carriers is established for local loops and carriers

~~XXXX~~

# Network Architecture and Technology

## *Preservation of Legacy Investments*

- All other portions of current loop infrastructure may remain unchanged by ELP
  - CPE used for voice services remains unchanged – as does CPE currently used for advanced services such as DSL or derived voice lines, etc.
  - Copper distribution facilities remain unchanged (unless they need to be shortened and/or repaired or conditioned to improve service)
  - Fiber feeder facilities remain unchanged (copper facilities upgraded to fiber, as necessary)
- Substantial portions of current ILEC NGDLC investment (and investment in legacy DLC systems) may be reusable
  - Sites, cabinets, power systems
  - Channel banks, common cards and channel cards (depending on vendor of legacy equipment)
  - ATM Modules (e.g., OCDs under Pronto, PARTS, etc.)



## Investments and Costs



# ELP Forward-Looking Investment Cost

## Three Key Elements

- Baseline forward-looking network costed using UNE SynMod
  - No change to SynMod NID or loop distribution investments because are based on <18 kft. of clean copper
  - DLC investments adjusted to current GR-303 prices
  - Feeder remains copper/fiber – no concentration and no daisy-chaining
  - CO remains Class 5 circuit switch
  - SONET ring / TDM interoffice transport
  - SS7 signaling
- Forward-looking basic ELP costed using UNE SynMod (assuming DSL capability, but no actual DSL provisioning)
  - No change to NID or loop distribution investments
  - Add tNGDLC investments on previous copper lines
  - Substitute tNGDLC investments on previous fiber/DLC lines
  - All feeders costed as fiber – no daisy-chaining
  - Add ATM module and voice gateway at each CO
  - CO remains Class 5 circuit switch
  - SONET ring / TDM interoffice transport
  - SS7 signaling



# Network Architecture and Technology

## *Results*

- Incremental forward-looking investment cost for basic ELP over current forward-looking baseline
  - ~ \$113/line
  - Cost to upgrade all RBOC lines: ~\$17.4 B
  - This cost will vary based on extent of ELP upgrade (e.g., just switched lines or switched plus special lines), carrier universe (e.g., just RBOCs or all nonrural) and expected ADSL "take" rate
- Further investments necessary to actually provision DSL
  - Substitution of a combo voice/DSL channel card for a voice-only channel card
  - Modest increases in ATM capacity
  - Cost of interoffice data network to serve ISPs
  - Extra investment cost over basic ELP: ~ \$150/line
  - Cost to provision DSL on 40% of all RBOC lines: ~\$9.2 B

# ELP Short Run Incremental Cost

## "Upgrades" By Loop Technology

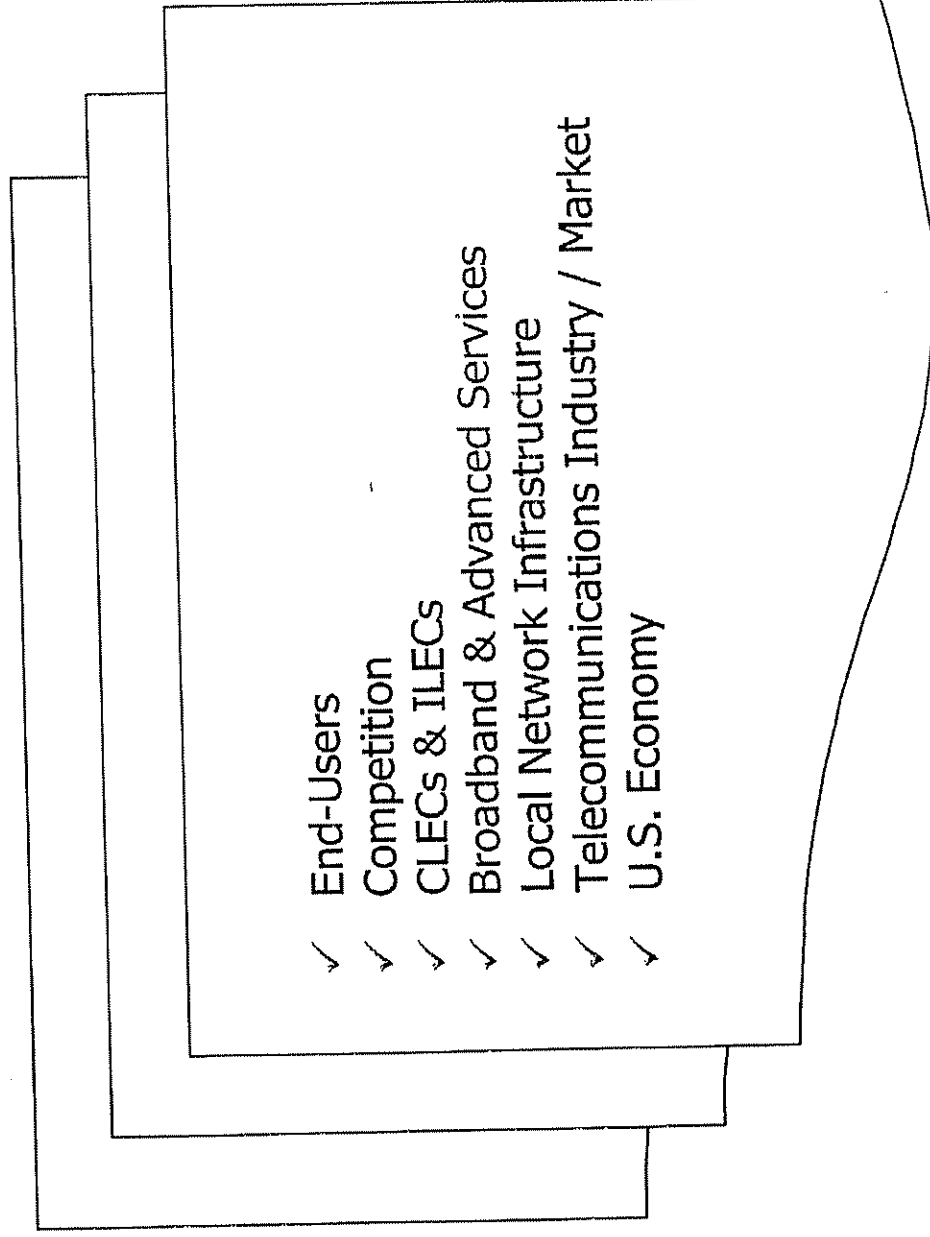
Loop Technology	Additional Equipment
Fiber-fed IDLC/NGDLC	Voice Packet Processor (VPP) ATM module and VG
Fiber-fed UDLC	tNGDLC w/ VPP ATM module and VG
Copper-fed legacy DLC or all copper >18 kft.	tNGDLC w/ VPP Fiber feeder ATM module and VG
All copper <18 kft.	tNGDLC w/ VPP Fiber feeder (if needed) ATM module and VG

- The cost of these short run incremental investments to current embedded networks will depend on these networks' existing penetrations of fiber and modern DLC. It will likely exceed full forward-looking incremental investment cost by 25 to 50%.



# Investments and Costs In Perspective

*ELP Investment Must Be Viewed in The Context of Its Benefits*

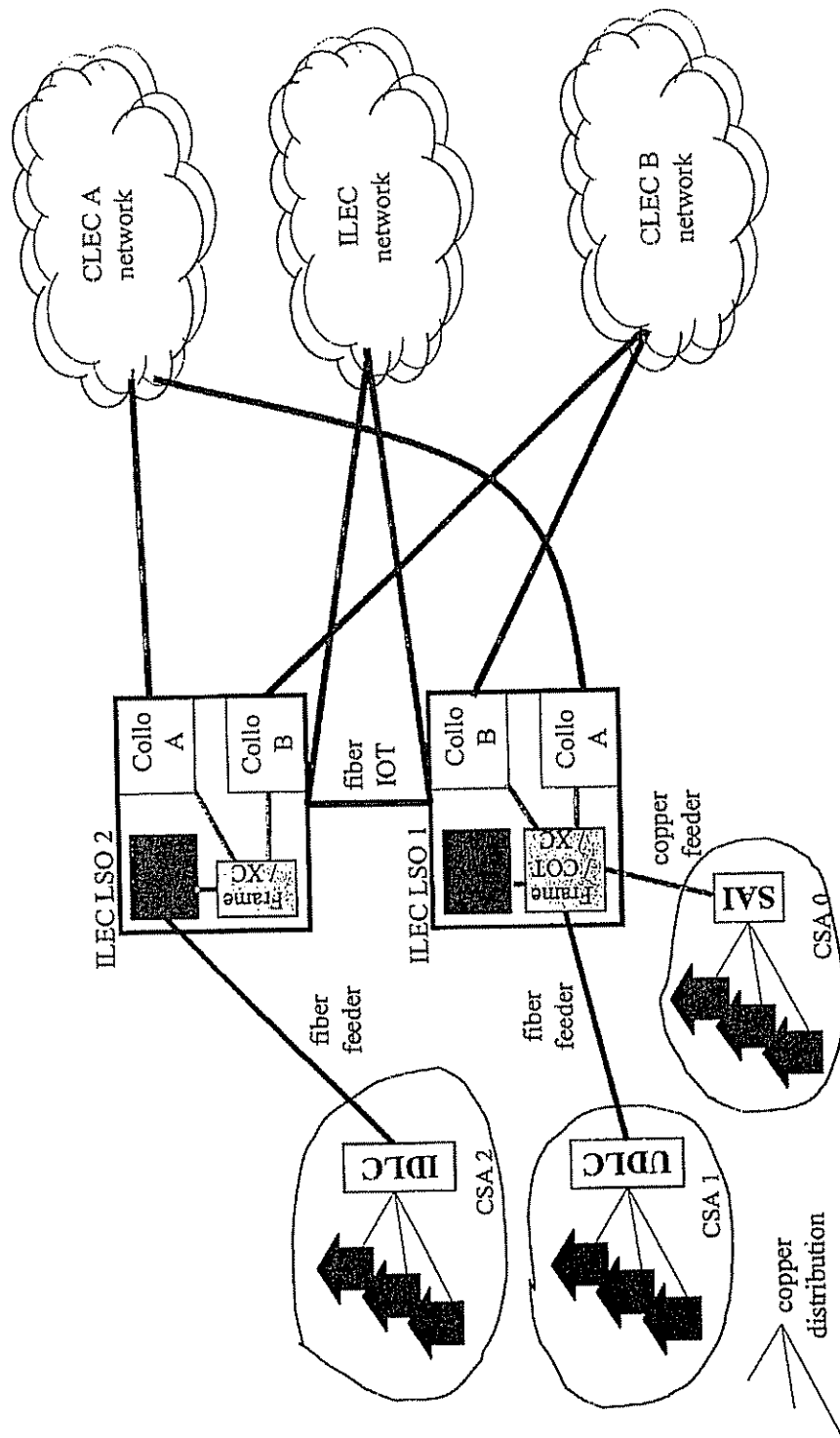


## Attachments



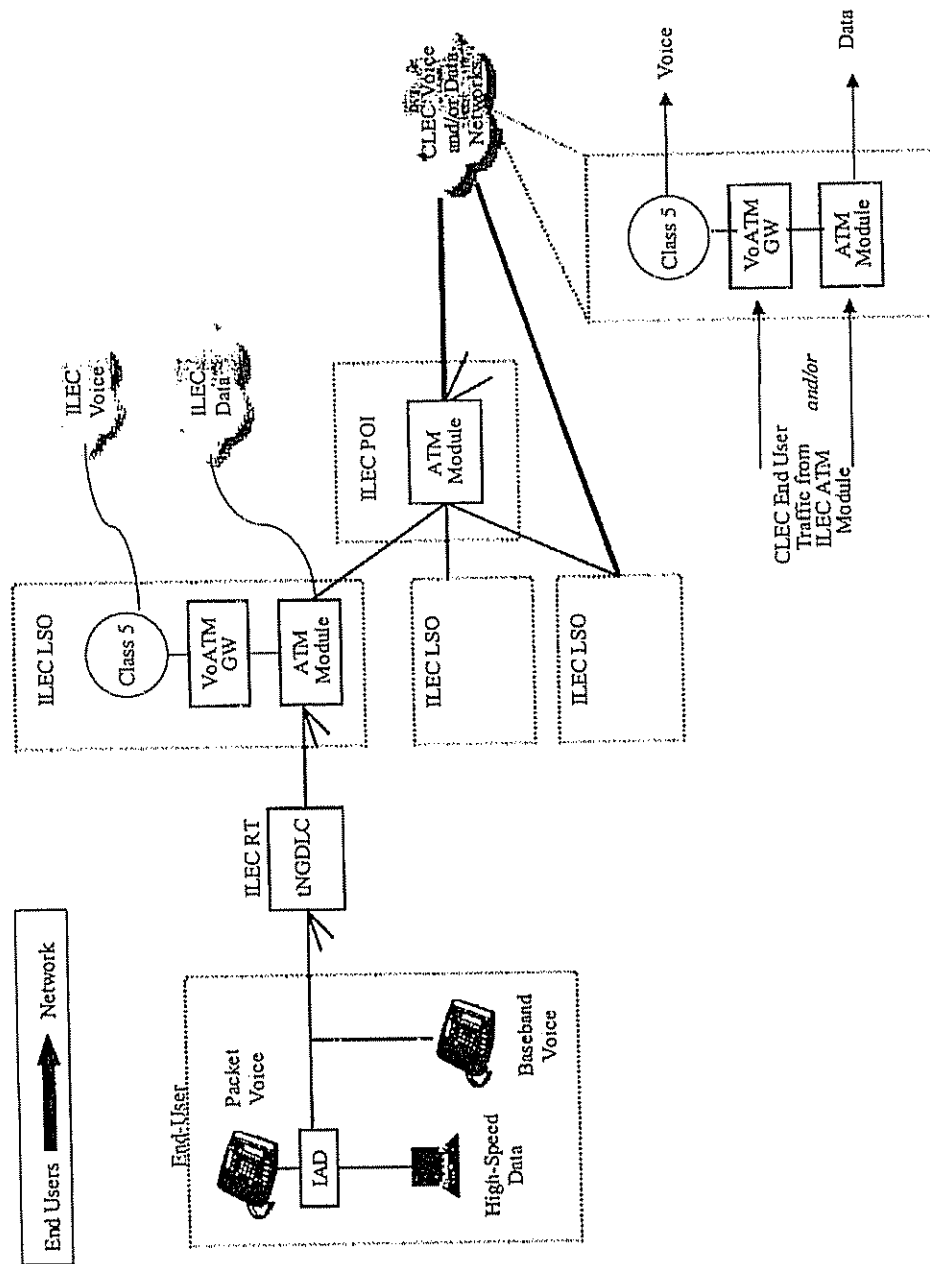
# Legacy ILEC Network Topologies

## Carrier Serving Architecture



# ELP Network Architecture

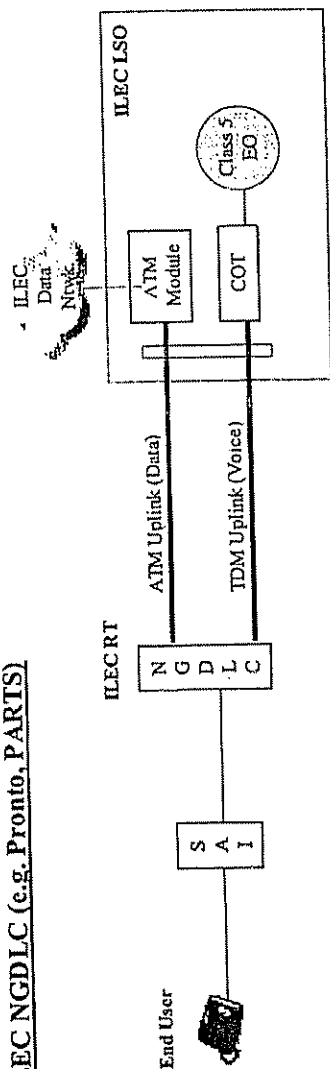
# Base ELP Design



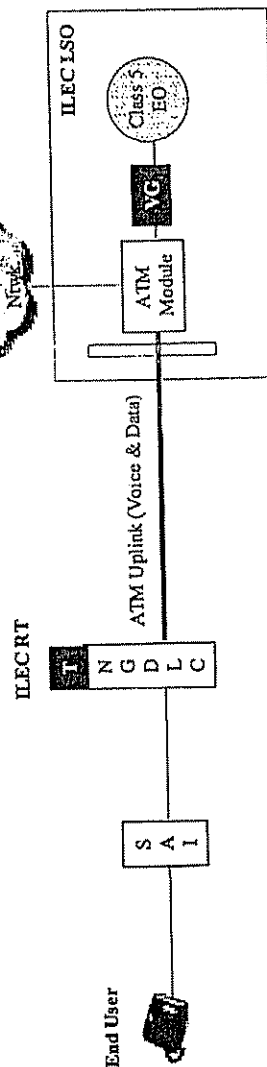
# ILEC NGDLC vs. "true" NGDLC

## Key Functional Differences

ILEC NGDLC (e.g. Pronto, PARTS)



"True" NGDLC Architecture (e.g. ELP)



### Key

- Copper Distribution
- Fiber Feeder
- Fiber Distribution Frame (FDF)
- NGDLC
- NGDLC with Voice Packet Processor (VPP)
- VG
- Voice Gateway

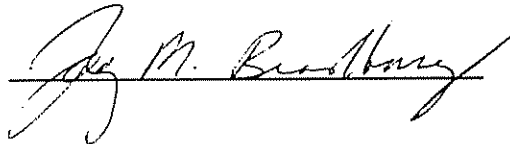
# AFFIDAVIT

STATE OF GEORGIA

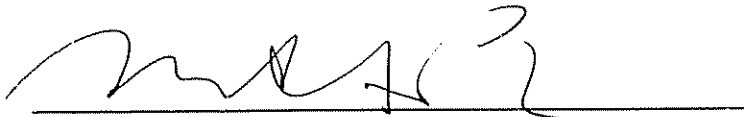
COUNTY OF FULTON

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared JAY M. BRADBURY, who being by me first duly sworn, deposed and said that:

He is appearing as a witness before the Alabama Public Service Commission in Docket No. 29054, Phase II, on behalf of AT&T Communications of the South Central States, LLC, and if present before the Commission and duly sworn, his surrebuttal testimony would be set forth in the annexed testimony consisting of 21 pages and 1 exhibit (s).



SWORN TO AND  
SUBSCRIBED BEFORE ME  
THIS 23<sup>rd</sup> DAY  
OF MARCH, 2004

  
NOTARY PUBLIC

My Commission expires

MARGARET A. FLACMANN  
Notary Public, Gwinnett County, Georgia  
My Commission Expires November 21, 2005

**BEFORE THE ALABAMA PUBLIC SERVICE COMMISSION**

**RE:**

In the Matter of Implementation of	)	
The FCC's Triennial Review Order	)	<b>DOCKET No.</b>
(Phase II – Local Switching for Mass Market	)	<b>29054</b>
Customers)	)	

**SURREBUTTAL TESTIMONY OF**

**CHERYL L. BURSH**

**ON BEHALF OF**

**AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, LLC**

**MARCH 24, 2004**

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Cheryl L. Bursh. My business address is 1200 Peachtree Street, Suite  
3 8100, Atlanta, Georgia 30309.

4 Q. ARE YOU THE SAME CHERYL BURSH WHO PREVIOUSLY FILED  
5 REBUTTAL TESTIMONY IN THIS DOCKET ON FEBRUARY 27, 2004?  
6

7 A. Yes, I am.  
8  
9

10 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

11 A. The purpose of my testimony is to respond to various performance related issues  
12 raised in the Rebuttal Testimony filed by BellSouth witness Alphonso J. Varner.  
13

14 Q. BELLSOUTH WITNESS ALPHONSO VARNER'S REBUTTAL  
15 TESTIMONY AT PAGE 9 DISPUTES AT&T'S EXPERIENCE WITH  
16 HOT CUT IMPAIRMENTS. PLEASE COMMENT.

17 A. AT&T witness Mark Van De Water has described AT&T's negative experience  
18 with BellSouth's hot cut process, specifically listing provisioning delays and  
19 factors that contributed to customer service outages. (See Van De Water Direct at  
20 pp. 8 and 9.) Nonetheless, Mr. Varner dismisses "'substandard performance in  
21 returning timely firm order confirmations', and other failures related to the  
22 scheduling of hot cuts and 'erroneous disconnection of end users' line,' and  
23 'undue delay in reconnection'" as meritless. (See Varner Rebuttal, p. 9, lines 1-  
24 8.) And although his testimony purportedly demonstrates this, it, in fact, focuses  
25 on a different period of time than that discussed in AT&T's testimony and does  
26 not focus on data for 2Wire Analog Loop w/Local Number Portability ("2W

1 Analog Loop w/LNP”), the type of loop that will be most frequently used in an  
2 Unbundled Network Element-Loop (“UNE-L”) environment.

3 **Q. WHY DO YOU MAINTAIN THAT MR. VARNER’S TESTIMONY USES**  
4 **A TIME PERIOD WHICH DOES NOT SUPPORT THE POINT HE**  
5 **PURPORTS TO MAKE?**

6 As AT&T has noted, the company virtually eliminated UNE-L as a means of  
7 acquiring customers several years ago. (See Van De Water Direct at p. 8). For the  
8 last several years, including November 2002 through October 2003, the period of  
9 time used by Mr. Varner, AT&T has been acquiring its mass market (residential  
10 and small business) customers using the Unbundled Network Element-Platform  
11 (“UNE-P”).

12 **Q. ARE MR. VARNER’S COMMENTS CONCERNING THE AVERAGE**  
13 **COMPLETION NOTICE INTERVAL PERFORMANCE RESPONSIVE**  
14 **TO AT&T’S CONCERN OVER BELL SOUTH’S FAILURE TO NOTIFY**  
15 **“CONSISTENTLY AND TIMELY THAT CUSTOMER LOOPS HAD**  
16 **BEEN TRANSFERRED TO AT&T”? (SEE VARNER REBUTTAL AT P.**  
17 **10.)**

18 **A.** No. BellSouth references a different notification than that discussed in Mr. Van  
19 De Water’s Direct Testimony. Mr. Van De Water refers to the call that the  
20 BellSouth provisioning center makes to the Competitive Local Exchange Carrier  
21 (“CLEC”) to advise that the old cross connection jumper that connected the  
22 customer’s loop to the Incumbent Local Exchange Carrier’s (“ILEC’s”) switch  
23 was removed and that the re-wired cross connection from the CLEC’s Connecting  
24 Facility Assignment (“CFA”) has been terminated to the customer’s loop.

25 Mr. Varner’s testimony references something different, the Average  
26 Completion Notice Interval (“ACNI”) metric. The endpoint for this metric is the  
27 time stamp when the completion notice was delivered to the CLEC interface for

1 mechanized orders. For non-mechanized orders, the endpoint for the ACNI  
2 metric is when the order status is changed to complete in the Service Order  
3 Control System ("SOCS"). The starting point for the ACNI metric does not even  
4 begin until several steps after the re-wired cross connection from the CLEC's  
5 CFA has been terminated to the customer's loop. Any performance results  
6 associated with the ACNI metric have no relevance to Mr. Van De Water's point  
7 that BellSouth fails to notify AT&T consistently and timely that customer loops  
8 have been transferred to AT&T.

9 Q. IS MR. VARNER CORRECT IN STATING THAT MR. VAN DE  
10 WATER'S COMPARISONS AND CONCLUSIONS ARE INVALID FOR  
11 UNE-P VERSUS UNE-L ORDERS? (VARNER REBUTTAL AT PP. 13-15.)

12 A. No. For the reasons specified in my Rebuttal Testimony, comparing order  
13 intervals for UNE-P versus UNE-L orders is important to understanding  
14 impairment in an environment in which UNE-P is absent. (See Bursh Rebuttal at  
15 pp. 6-8.)

16 Q. DOES MR. VARNER'S ATTEMPT TO EXPLAIN THE FLAW IN  
17 COMPARING THE PERFORMANCE OF UNE-P TO UNE-L ACTUALLY  
18 SUPPORT AT&T'S POINT THAT IT IS APPROPRIATE TO USE UNE-P  
19 PERFORMANCE AS THE STANDARD TO DEMONSTRATE HOW  
20 IMPAIRED CLECS WOULD BE IN AN ENVIRONMENT WITHOUT  
21 UNE-P?

22 A. Yes. Mr. Varner states,

23  
24 An order for UNE-P typically involves little more than changing the  
25 billing of an existing end-user from BellSouth retail (or from another  
26 CLEC) to the acquiring CLEC. In this instance, no physical work is  
27 required, an outside dispatch is not needed and the order is not subject to  
28 facility shortages. In contrast, a UNE-L order will always require some  
29 form of physical work, in the central office, at the customer's premise, or  
30 both. A dispatch may be needed and the order interval can be affected by  
31 facility shortages. As a result of these two processes, the applicable  
32 ordering intervals will usually differ.

1  
2 Varner Rebuttal, p. 13, lines 19-25 and p. 14, lines 1-3. The fact that the  
3 processes differ demonstrates the very reason why the comparison is appropriate.  
4 It is only via the comparison that the differences can be assessed and later  
5 evaluated to determine how the difference will contribute to the CLECs being  
6 impaired in the local market.

7  
8 **Q. AT P. 14 OF HIS REBUTTAL TESTIMONY, MR. VARNER IS CRITICAL**  
9 **OF AT&T'S USE OF UNE-P/SWITCHED-BASED COMPLETIONS FOR**  
10 **COMPARISON WITH ANALOG LOOPS/WITH LNP. IS THIS**  
11 **JUSTIFIED?**

12 **A.** No. As explained in Mr. Van De Water's Direct Testimony, data demonstrates  
13 that UNE-P orders are completed much more quickly than UNE-L orders. The  
14 chart included in Mr. Van De Water's testimony shows completion intervals for  
15 UNE-P orders without any field work to compare against UNE-L orders without  
16 any field work. Data for both switch-based and central office based completions  
17 for UNE-P orders is provided. Contrary to Mr. Varner's assertions, switch based  
18 completions contain both feature changes and migrations that do not require  
19 central office work. Notably, Mr. Varner has no comment regarding the central  
20 office based completions, which completed on average in only 1.36 days, far  
21 more quickly than UNE-L completions.

22 **Q. ON PAGE 16, MR. VARNER STATES THAT MOST UNE-P ORDERS**  
23 **ARE MIGRATION ORDERS. WHAT IS YOUR RESPONSE?**

24 **A.** Mr. Varner should certainly have access to information regarding types of orders  
25 being processed by BellSouth. However, I find it quite bizarre that he would  
26 make that statement, since it contradicts his earlier comments. For example, he  
27 contends on page 14 that switch-based completions are not migrations (i.e.,

1 "nothing more than a request for a feature change") knowing full well that those  
2 types of completions comprise the vast majority of the UNE-P orders. Now he is  
3 saying that most UNE-P orders are migrations. Further, it is unclear why he  
4 comments that Mr. Van De Water's analysis is based on the ordering patterns of  
5 today, since he presents no evidence as to why this is an inappropriate approach  
6 or what the changes should be.  
7

8 Q. MR. VARNER CLAIMS, "CLEARLY, THE FCC DID NOT SUPPORT  
9 THE IDEA THAT UNE-P AND UNE-L INSTALLATION INTERVALS  
10 MUST BE THE SAME, NOTWITHSTANDING MR. VAN DE WATER'S  
11 SUGGESTION TO THE CONTRARY." IS MR. VARNER'S CLAIM  
12 MISLEADING?

13 A. Yes. Mr. Varner references Paragraph 491 of the Federal Communications  
14 Commission's ("FCC") August 21, 2003, Triennial Review Order ("TRO") as the  
15 basis for this claim, but what it actually addresses is whether "other mechanisms  
16 [can] mitigate the disruptions and other practical difficulties inherent in the  
17 current loop infrastructure." TRO, Para. 491. The FCC concluded that it would  
18 not order Electronic Loop Provisioning in the TRO but would reconsider at a later  
19 date if hot cut processes prove insufficient. This discussion had nothing to do  
20 with UNE-P and UNE-L installation intervals. It certainly cannot be cited for Mr.  
21 Varner's proposition that the FCC does "not support the idea that UNE-P and  
22 UNE-L installation intervals must be the same."

23  
24 Q. DOES MR. VARNER'S STATEMENT ON PAGE 16 THAT "UNE-L DATA  
25 REFLECTS DATA FOR NEW SERVICES..." APPLY TO THE AT&T  
26 TABLE HE CRITICIZES?

27 A. No. The data reflected on page 17 of the Direct Testimony of Mr. Van De Water  
28 represents performance specifically for Analog Loops/with LNP which is

1 migration of existing service. The table "illustrates the inferior performance  
2 BellSouth provides for analog loops compared to UNE-P in Alabama ..." (See  
3 Van De Water Direct at p. 17, lines 2-3.) Mr. Varner, however, states that "[f]or  
4 the most part UNE-L data reflects data for new service while UNE-P data is  
5 largely migration of existing service." (See Varner Rebuttal, p. 16, lines 13-14.)  
6 While this may be true for UNE Loops in general, it does not apply to the AT&T  
7 table, for the data it contains reveals Analog Loop/with LNP performance results,  
8 which is existing service. Therefore, the differences appear to represent inferior  
9 performance for Analog Loop/with LNP given that both reflect data that is largely  
10 migration of existing service.

11

12 **Q. MR. VARNER CRITICIZES AT&T'S COMPARISON OF UNE-L TO**  
13 **UNE-P PERFORMANCE, SAYING THAT THIS COMPARISON IS**  
14 **INCONSISTENT WITH RULINGS IN THE COMMISSION'S**  
15 **PERFORMANCE MEASUREMENT PROCEEDINGS. (SEE VARNER**  
16 **REBUTTAL, PP. 17-18.) IS THE COMMISSION'S OBJECTIVE IN THIS**  
17 **PROCEEDING THE SAME AS THAT FOR PERFORMANCE**  
18 **MEASUREMENT PROCEEDINGS?**

19 **A.** No. In response to the TRO, this Commission established Phase II of Docket  
20 29054 to "likely address issues related to the continued availability of unbundled  
21 local switching for mass market customers."<sup>1</sup> In other words, this Commission  
22 will evaluate the difference in the CLEC customer experience in an environment  
23 without UNE-P and how that less desirable experience will impair CLECs. This  
24 Commission established interim performance measurements and enforcement

---

<sup>1</sup> "ORDER", IN RE: Implementation of the Federal Communications Commission's Triennial Review Order (Phase I – Local Switching For Enterprise Customers), Docket 29054, September 18, 2003, page 3, footnote 6

1 mechanisms in docket 25835 "for the purposes of monitoring BellSouth's  
2 performance..."<sup>2</sup>

3  
4 **Q. DO COMPARISONS OF UNE LOOPS AND UNE-P IN THIS**  
5 **PROCEEDING CONTRADICT ANY RULINGS IN THE PERFORMANCE**  
6 **MEASUREMENT PROCEEDING?**

7 A. No. A comparison of UNE-P versus Analog Loop/with LNP is not in conflict  
8 with the Commission's findings that established a retail analogue for each  
9 product. Determining impairment requires incremental steps from monitoring  
10 performance. Once performance is assessed for UNE-P and Analogue Loop/with  
11 LNP based on the performance standard ordered by this Commission, the  
12 Commission also will understand differences in the two results. Next, the  
13 Commission will assess how this difference or inferior performance impairs  
14 CLECs' ability to compete. In other words, this Commission will evaluate the  
15 difference in the CLEC customer experience in an environment without UNE-P  
16 and how that less desirable experience will impair CLECs. Evaluating impairment  
17 requires a different methodology than that of monitoring performance.  
18 Evaluating impairment requires an additional step beyond that required for  
19 monitoring performance.

20  
21 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

22 A. An assessment of the anticipated customer experience in an environment that  
23 excludes UNE-P is essential for determining whether CLECs will be impaired

---

<sup>2</sup> IN RE: Petition for Approval of a Statement Of Generally Available Terms And Conditions Pursuant To §252(f) of the Telecommunications Act Of 1996 And Notification Of Intention to File A Petition For In-Region InterLATA Authority With The FCC Pursuant To §271 Of The Telecommunications Act of 1996, "ORDER", Docket 25835, July 11, 2002, page 250.

1 without its continued availability. Comparisons of the UNE-P versus UNE-L  
2 experience provide valuable information for that assessment. AT&T originally  
3 had market plans based on a UNE-L strategy that resulted in customer  
4 dissatisfaction. Therefore, assessing anticipated differences in a new  
5 environment, in which UNE-P is absent, is critical.

6

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8

9 **A. Yes.**

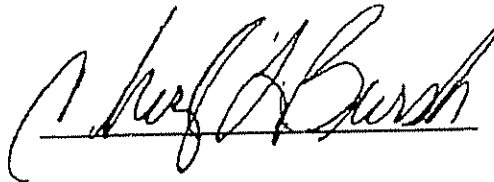
**AFFIDAVIT**

STATE OF GEORGIA

COUNTY OF FULTON

BEFORE, ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared CHERYL L. BURSH, who being by me first duly sworn, deposed and said that:

She is appearing as a witness before the Alabama Public Service Commission in Docket No. 29054 on behalf of AT&T Communications of South Central States, LLC., and if present before the Commission and duly sworn, her surrebuttal testimony would be set forth in the annexed testimony consisting of eight pages and no exhibit (s).



SWORN TO AND  
SUBSCRIBED BEFORE ME  
THIS 24<sup>th</sup> DAY  
OF MARCH, 2004.

  
NOTARY PUBLIC

My Commission expires: **Notary Public, Gwinnett County, Georgia**  
**My Commission Expires Jan 21, 2005**

**BEFORE THE  
ALABAMA PUBLIC SERVICE COMMISSION**

In re: Implementation of Federal	)	
Communications Commission's	)	Docket No. 29054
Triennial Review Order (Phase II—Local	)	
Switching for Mass Market Customers	)	

**SURREBUTTAL TESTIMONY OF**

**STEVEN E. TURNER**

**ON BEHALF OF**

**AT&T COMMUNICATIONS OF THE SOUTHERN STATES, LLC**

**MARCH 24, 2004**

1    **I.       INTRODUCTION OF WITNESS**

2    **Q.       PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3    A.       My name is Steven E. Turner. My business address is Kaleo Consulting, 2031  
4           Gold Leaf Parkway, Canton, Georgia 30114.

5    **Q.       HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?**

6    A.       Yes. I filed Direct Testimony on January 20, 2004.

7    **II.      PURPOSE AND SUMMARY OF TESTIMONY**

8    **Q.       WHY ARE YOU FILING SURREBUTTAL TESTIMONY?**

9    A.       I have been asked by AT&T Communications of the Southern States, LLC  
10           ("AT&T") to respond to the Rebuttal Testimony of Dr. Debra J. Aron, Mr. W.  
11           Keith Milner, and Mr. John A. Ruscilli on behalf of BellSouth  
12           Telecommunications Inc. ("BellSouth"). These three witnesses have filed limited  
13           rebuttal to my Direct Testimony regarding the AT&T DS0 Impairment Analysis  
14           Tools. In my Direct Testimony, I demonstrated that an efficient CLEC would  
15           expect to incur an absolute cost disadvantage to BellSouth for providing facilities-  
16           based switched service of between \$15.39 and \$17.28 per month depending on the  
17           LATA within BellSouth territory. In short, my Direct Testimony supports the  
18           conclusion that hypothetical efficient CLECs face substantial, absolute cost  
19           disadvantages relative to the ILEC in each geographic market in which BellSouth  
20           has elected to challenge the FCC's national finding of impairment.

1   **Q.   HAVE BELLSOUTH'S WITNESSES OFFERED ANY EVIDENCE THAT**  
2   **YOUR EVALUATION OF THE COST DISADVANTAGE FACED BY**  
3   **CLECS IN ALABAMA DOES NOT EXIST?**

4   A.   Absolutely not. Dr. Aron simply attempts to dismiss my analysis as being  
5        "useless."<sup>1</sup> It is not surprising that Dr. Aron would attempt to be so trivializing of  
6        my testimony in that it is not possible for her to legitimately rebut the clear cost  
7        disadvantage CLECs face in Alabama. Nonetheless, in the testimony that  
8        follows, I address her claims that this Commission should ignore these cost  
9        disadvantages and I show that the cost of impairment is a vital consideration that  
10       this Commission should evaluate in its determination regarding access to  
11       unbundled cost-based switching for CLECs in Alabama.

12           Mr. Milner provides five high level criticisms of my impairment cost  
13       development.<sup>2</sup> My testimony demonstrates that these criticisms do not in any way  
14       undermine the validity of the analysis that I have performed or the resulting  
15       impairment cost that I document. In fact, most of his criticisms have nothing to  
16       do with developing the cost of impairment at all.

17           Finally, Mr. Ruscilli raises only one point related to the cost for hot cuts  
18       that completely misses the point of the cost calculation that I have performed.<sup>3</sup> In  
19       short, Mr. Ruscilli has offered no rebuttal whatsoever to the conclusion that I

---

<sup>1</sup>   BellSouth Telecommunications, Inc., Rebuttal Testimony of Dr. Debra J. Aron, Before the Alabama Public Service Commission, Docket No. 29054, Phase 2, March 5, 2004, p. 32. (Hereafter referred to as "Aron Rebuttal Testimony.")

<sup>2</sup>   BellSouth Telecommunications, Inc., Rebuttal Testimony of W. Keith Milner, Before the Alabama Public Service Commission, Docket No. 29054, Phase 2, March 5, 2004, pp. 11-15. (Hereafter referred to as "Milner Rebuttal Testimony.")

<sup>3</sup>   BellSouth Telecommunications, Inc., Rebuttal Testimony of John A. Ruscilli, Before the Alabama Public Service Commission, Docket No. 29054, Phase 2, March 5, 2004, pp. 27-28. (Hereafter referred to as "Ruscilli Rebuttal Testimony.")

1 reach that CLECs face systematic cost disadvantages to BellSouth that range  
2 between \$15.39 and \$17.28 per month depending on the LATA within BellSouth  
3 territory. This cost disadvantage is real and is a critical concern that this  
4 Commission should consider in its evaluation of whether to maintain BellSouth's  
5 requirement to provide access to unbundled switching in Alabama.

6 **III. RESPONSE TO DR. DEBRA J. ARON**

7 **Q. DR. ARON'S SOLE REBUTTAL TO YOUR TESTIMONY IS THAT**  
8 **YOUR ANALYSIS IS "USELESS" BECAUSE YOUR APPROACH TO**  
9 **IMPAIRMENT WAS "CONSIDERED AND EXPLICITLY REJECTED BY**  
10 **THE FCC." COULD YOU PLEASE RESPOND TO HER ASSERTION?**

11 **A.** Dr. Aron's testimony is simply wrong, because my analysis is directly responsive  
12 to the FCC's express directions in the TRO.

13 The TRO provides that a state commission "*must consider all factors*  
14 *affecting the costs* faced by a competitor providing local exchange service to the  
15 mass market."<sup>4</sup> And critically in this regard, the TRO found that:

16 (T)hese costs would likely include (among others) the recurring  
17 and non-recurring charges paid to the incumbent LEC for . . .  
18 collocations, transport, hot cuts and other services and equipment  
19 necessary to access the [mass market customer's] loop, the cost of  
20 collocation and equipment necessary to serve local exchange  
21 customers in a wire center, taking into consideration an entrant's  
22 likely market share, the scale economies inherent to serving a wire  
23 center, and the line density of the wire center; the cost of  
24 backhauling the local traffic to the competitor's switch; other costs  
25 associated with transferring the customer's service over to the  
26 competitor; the impact of churn on the cost of customer  
27 acquisitions; the cost of maintenance, operations, and other  
28 administrative activities; and the competitors' capital costs.<sup>5</sup>

---

<sup>4</sup> TRO at ¶ 520. (Emphasis added.)

<sup>5</sup> *Id.*

1 Moreover, the FCC specifically held that “State commissions should pay  
2 particular attention to the impact of migration and backhaul costs on competitors’  
3 ability to serve the market.”<sup>6</sup> That is exactly what my analysis does; it  
4 specifically focuses on the unique migration and backhaul costs that CLECs incur  
5 when they attempt to serve mass market customers without access to ILEC  
6 switching. Accordingly, my analysis is not at all “useless;” rather, it is directly  
7 responsive to the FCC’s requirements.

8 My analysis also provides critical background data for the Commission’s  
9 review of the ILECs’ trigger claims, because it demonstrates that CLECs face a  
10 very sizable economic impairment (from \$15.39 and \$17.28 per line per month)  
11 when they attempt to serve the mass market. This is especially true when the  
12 average impairment cost is compared to the reasonably anticipated “typical”  
13 revenues that can be earned from serving “average” mass market customers.<sup>7</sup>  
14 Accordingly, in order to obtain economically rational results from the “short  
15 form” trigger review, the Commission should establish criteria for identifying  
16 proposed trigger firms that assure those firms’ actual performance in the market is  
17 persuasive evidence that they have overcome the significant economic  
18 impairment CLECs face when attempting to serve average mass market  
19 customers.

---

<sup>6</sup> *Id.*

<sup>7</sup> TRO at ¶ 472

1    **IV.    RESPONSE TO W. KEITH MILNER**

2    **Q.    MR. MILNER BELIEVES THAT YOUR IMPAIRMENT COST**  
3    **ANALYSIS IS “FATALLY FLAWED” BECAUSE OF HIS ASSERTION**  
4    **THAT “THE ASSUMPTION UNDERLYING MR. TURNER’S ANALYSIS**  
5    **ABOUT COSTS THAT HE ATTRIBUTES TO CLECS BUT NOT TO**  
6    **ILECS IS SIMPLY INCORRECT.”<sup>8</sup> PLEASE RESPOND TO HIS**  
7    **ASSERTION.**

8    A.    This assertion covers two of the four criticisms that he makes of the cost analysis  
9    that I perform. If I understand Mr. Milner correctly, he believes that I should  
10    have somehow included BellSouth’s customer migration costs back from the  
11    CLEC to BellSouth in developing the cost of impairment that is faced by CLECs.  
12    This is illogical. The question that my testimony and the AT&T DS0 Impairment  
13    Analysis Tools answers, in response to the TRO’s requirements, is the cost  
14    disadvantage that the CLEC has in “backhauling” loops that appear in BellSouth’s  
15    disparate central offices to the CLEC’s own switch as compared to the cost that  
16    BellSouth incurs in connecting the same loops to its switch that is located  
17    normally on the same floor of the central office where the loops terminate. The  
18    criticisms that Mr. Milner raise regarding my failure to include BellSouth’s costs  
19    for switching a customer back to its network do not make sense in light of the  
20    analysis that I perform.

21   **Q.    COULD YOU PROVIDE MORE DETAIL REGARDING HIS CONCERNS**  
22   **THAT YOU DID NOT INCLUDE BELL SOUTH’S “HOT CUT” COSTS?**

23   A.    Mr. Milner’s notes the following:

24            While Mr. Turner is correct that the CLEC will incur costs  
25            associated with the hot cut to disconnect the loop serving the  
26            customer from BellSouth’s switch and then re-connect the loop to  
27            the CLEC’s switch, he ignores the fact that in cases where a

---

<sup>8</sup>        Milner Rebuttal Testimony, pp. 11-12

1 customer chooses to return to the ILEC, those same work steps and  
2 the related costs (disconnection of the serving loop from the  
3 CLEC's switch and re-connecting the loop to the ILEC's switch)  
4 and associated costs will likewise be incurred by the ILEC.<sup>9</sup>

5 Here is the problem with Mr. Milner's logic. *When the customer is migrated from*  
6 *BellSouth's network to the CLEC, the CLEC pays BellSouth for all of the cost that*  
7 *BellSouth incurs to make this migration plus the CLEC pays for its own costs as*  
8 *well.* However, BellSouth only incurs *some* of these costs for some of their  
9 customers – those won back from a CLEC. Yet CLECs must incur these costs for  
10 *every single customer* they acquire.

11 **Q. WHAT IS THE OTHER COST THAT FALLS INTO THIS SAME**  
12 **CATEGORY?**

13 A. Mr. Milner believes that Local Number Portability cost falls into this same  
14 category. This is not the case. Mr. Milner's notes the following:

15 Mr. Turner attributes costs to perform Local Number Porting  
16 ("LNP") activities to the CLEC but does not likewise attribute  
17 those same costs to ILECs in cases where the customer chooses to  
18 return to the ILEC. In other words, the work steps required to  
19 "port" the telephone number from BellSouth's network to the  
20 CLEC's network are required to "port" the telephone number from  
21 the CLEC's network to BellSouth's network.<sup>10</sup>

22 First of all, Mr. Milner is mistaken regarding the inclusion of Local Number  
23 Porting activities or costs in the specific run made for Alabama. The DSO  
24 Impairment Analysis that was run for Alabama did not include *any* costs for Local  
25 Number Portability making the fundamental premise of Mr. Milner's criticism  
26 inaccurate.

---

<sup>9</sup> Milner Rebuttal Testimony, p. 12.

<sup>10</sup> Milner Rebuttal Testimony, pp. 12-13.

1   **Q.   MR. MILNER TAKES ISSUE WITH THE COLLOCATION COSTS THAT**  
2   **ARE INCLUDED IN THE DS0 IMPAIRMENT ANALYSIS TOOLS.**  
3   **COULD YOU PLEASE RESPOND?**

4   A.   Yes. First of all, Mr. Milner asserts that the DS0 Impairment Analysis Tools has  
5       overstated the cost for collocation by “Mr. Turner’s suggestion that ILECs may  
6       assess a minimum square footage charge for collocation.”<sup>11</sup> Mr. Milner does not  
7       even identify the type of collocation that the DS0 Impairment Analysis Tool uses  
8       (Physical Caged Collocation). Moreover, he has provided absolutely no evidence  
9       that this choice leads to higher costs for collocation. There are numerous  
10      elements associated with collocation such as space preparation, security, land and  
11      building space, power, and interconnection arrangements. All of these elements  
12      come into play in one manner or another regardless of the form of collocation that  
13      is selected. From a modeling standpoint, Physical Caged Collocation was used  
14      because it is straightforward to model and representative of what CLECs routinely  
15      use for collocation within BellSouth central offices.

16           Mr. Milner indicates that he believes that Cageless Collocation would be a  
17      superior alternative because of allowing CLECs to purchase space in single  
18      equipment bay increments. It turns out that in the core office (or Network Nodes)  
19      that the DS0 Impairment Analysis Tool actually computes collocation costs on a  
20      per frame basis just as Mr. Milner would suggest is reasonable even though the  
21      collocation arrangement assumed is Caged Collocation. This is done because the  
22      model assumes that the other space in the collocation arrangement may be used  
23      for other applications such as enterprise traffic. In Satellite Offices, this is not the

---

<sup>11</sup>       Milner Rebuttal Testimony, p. 15.

1 case in the default assumption loaded into the model. However, if BellSouth  
2 believes that the floor space included in the cost development in the Satellite  
3 Offices should be treated more in the manner of Cageless Collocation (for  
4 example), the breakage assumption can be changed in the model so that only the  
5 space needed just for backhaul will be included in the satellite offices. This  
6 would give an approximation of the cost for Cageless Collocation, but it is  
7 minimally different than what has already been evaluated within my filing of the  
8 DS0 Impairment Analysis Tools for Alabama.

9 **Q. DO YOU BELIEVE THAT VOICE GRADE EELS PRESENT A VIABLE**  
10 **ALTERNATIVE FOR CLECS TO PROVIDE SERVICE TO CUSTOMERS**  
11 **IN ALABAMA?**

12 A. Once again, Mr. Milner has made assertions in his testimony without any support  
13 whatsoever. I have performed evaluations regarding the use of EELs for Voice  
14 Grade applications and I have never seen, from a cost standpoint, any EEL  
15 arrangement for voice grade service that is economically viable. The DS0  
16 Impairment Analysis Tool gives a hypothetical large efficient CLEC every  
17 opportunity to achieve some scale economies through the use of leased backhaul  
18 and digital loop carrier equipment to make the assigned costs as low as possible.  
19 Mr. Milner appears to believe that assuming much lower volumes and using EELs  
20 instead of concentrated transport would produce a lower cost.<sup>12</sup> In my experience,  
21 this is simply not the case. Further, Mr. Milner has offered no evidence on his  
22 own part to provide that EELs would lower the cost of impairment below that  
23 which I have calculated using the DS0 Impairment Analysis Tools.

---

<sup>12</sup> Milner Rebuttal Testimony, p. 13.

1           As referenced above, there is a significant increase in cost for an EEL loop  
2           that the CLEC must bear that would make its backhaul impairment greater than  
3           that already contained in the DS0 Impairment Analysis Tools. Specifically, with  
4           an EEL the CLEC is required to pay more for the recurring cost of the loop. The  
5           Service Level 1 2-Wire Analog Voice Grade Loop, which would be used with a  
6           UNE-P combination, has a recurring cost of \$34.34 in Zone 3.<sup>13</sup> The recurring  
7           cost for the loop when used as part of an EEL is \$36.14. This difference increases  
8           the CLEC's cost (and impairment) by \$1.80 per month just to start. On top of this  
9           the CLEC must pay for the DS1 Dedicated Interoffice Transport and 1/0  
10          Channelization System that is used for the EEL. This has a cost of \$164.82 per  
11          DS1 assuming an average mileage of 20 miles between the central office where  
12          the loop terminates to the central office where the EEL is transported.<sup>14</sup> If I  
13          assume that all 24 channels in the DS1 are used for EELs (the most conservative  
14          assumption possible to lead to the lowest cost of impairment), this still leads to a  
15          cost per loop of \$6.87 per month. Finally, the Voice Grade COCI per Month of  
16          \$0.53 applies. In total the recurring incremental cost per loop is \$7.40. This is  
17          the monthly cost Mr. Milner would want a CLEC to pay instead of the backhaul  
18          cost already included in the DS0 Impairment Analysis Tool – an amortized

---

<sup>13</sup> I have selected Zone 3 for this comparison throughout as it is in this area that I would anticipate that Mr. Milner must be assuming that an EEL would be a possible alternative to collocation and leased backhaul, which is included in the DS0 Impairment Analysis Tool.

<sup>14</sup> If the Commission reviews the price list from the BellSouth-Alabama SGAT, the Commission will note that the cost for the elements are as follows: (1) Interoffice Transport – Dedicated – DS1 Combination – Per Mile per Month (\$0.18); (2) Interoffice Transport – Dedicated – DS1 Combination – Facility Termination per Month (\$60.16); and (3) 1/0 Channelization System in Combination per Month (\$101.06). For 20 miles at a mileage rate of \$0.18 per mile, the total mileage cost would be \$3.60. Adding in the facility termination and channelization cost leads to a

1 average cost of \$3.95 per month. Moreover, the DS0 Impairment Analysis Tool  
2 backhaul cost of \$3.95 still cannot be completely avoided in that the EEL would  
3 be purchased from the wire center where the loop terminates back to the nearest  
4 wire center where the CLEC has network infrastructure. CLEC self-provided  
5 transport (which still contributes to the backhaul impairment) would still need to  
6 be provided.

7 Of course this only represents the incremental recurring cost that the  
8 CLEC would have to pay. There are also significant nonrecurring charges that  
9 would be required. For example, the DS1 Interoffice Facility and 1/0  
10 Channelization has a nonrecurring charge of \$180.31 which when divided across  
11 24 DS0s has an incremental nonrecurring cost per loop of \$7.51. Other  
12 incremental nonrecurring charges above what the CLEC would pay for UNE-P  
13 apply as well. The bottom line is that when all of these costs are included, EELs  
14 for voice grade mass market applications simply do not make sense from an  
15 economic standpoint.

16 **Q. MR. MILNER CLAIMS THAT THE FACILITY RING PROCESSOR**  
17 **TOOL USED IN YOUR ANALYSIS “DOES NOT REDUCE THE TOTAL**  
18 **FACILITY COSTS BY THE AMOUNT OF THE CAPACITY REQUIRED**  
19 **TO HANDLE THAT PORTION OF THE CAPACITY USED THAT IS**  
20 **NOT FOR ‘BACKHAULING’ LOOPS AND THAT IS NOT USED FOR**  
21 **‘ENTERPRISE’ CUSTOMER TRAFFIC.”<sup>15</sup> COULD YOU PLEASE**  
22 **RESPOND TO HIS CRITICISM?**

23 **A.** Yes. Mr. Milner seems to have picked up on an explanation provided in my  
24 testimony and the documentation of the DS0 Impairment Analysis Tools without

---

total DS1 cost of \$164.82. This amount is then spread across the 24 2-Wire Analog Voice Grade  
Loops that could be terminated into this DS1 Dedicated Interoffice Transport.

<sup>15</sup> *Id.*

1 really evaluating what is happening within the cost model. First of all, to simply  
2 get the facts about the DS0 Impairment Analysis Tools straight, Mr. Milner is  
3 incorrect regarding this alleged error in the Facility Ring Processor ("FRP"). The  
4 FRP establishes the least cost ring architecture among the wire centers that make  
5 up the CLEC's self-provided network. It does not address any of the cost  
6 calculations regarding the allocation of transport cost to backhaul, enterprise  
7 traffic, or other uses such as interconnection. Instead, these calculations are  
8 contained within the Transport Impairment Analysis Tool.

9 In fact, if Mr. Milner had reviewed the calculations in the latter tool, he  
10 would have found that the cost per DS3 is developed by assuming an 80 percent  
11 fill factor on the transport. My testimony and the supporting documentation  
12 references the use of the transport network for circuits such as for enterprise  
13 traffic as an example of why we assumed such a *high* fill factor. However, other  
14 reasons justify why the fill level would be this high, including its use for  
15 interconnection facilities. Nonetheless, from a modeling standpoint, the DS3 cost  
16 per circuit that is applied to backhaul is developed using an 80 percent fill factor,  
17 regardless of whether the other circuits that contribute to that high level of fill are  
18 related to, whether they be enterprise traffic, interconnection, or any other  
19 application. Mr. Milner has simply picked an issue with the documentation.  
20 However, the model calculates the cost for backhaul in an extremely conservative  
21 and appropriate manner – the details of which contradict Mr. Milner's criticism  
22 and the details of which Mr. Milner has found no issue with. One of the  
23 conservative assumptions in the model is that the CLEC will use self-provided

1 transport rather than purchase special access from the incumbent. This  
2 assumption lowers the cost for transport. In short, Mr. Milner's criticism is  
3 unfounded and does not change the cost of impairment developed in the DS0  
4 Impairment Analysis Tool.

5 **V. RESPONSE TO JOHN A. RUSCILLI**

6 **Q. MR. RUSCILLI'S ONLY REBUTTAL IS THAT IF AT&T BELIEVES**  
7 **THE COST FOR A HOT CUT IS TOO HIGH, AT&T SHOULD HAVE**  
8 **RAISED THIS IN A COST PROCEEDING – NOT NOW IN THE TRO**  
9 **PROCEEDING.<sup>16</sup> WHAT IS YOUR RESPONSE?**

10 A. Mr. Ruscilli has missed the point of my testimony. While I do not believe the  
11 cost for the hot cut is appropriate, my testimony is not criticizing BellSouth for  
12 the absolute level of the cost of the hot cut – that should be taken up in a cost  
13 proceeding. Instead, my testimony simply notes that the cost of the hot cut is a  
14 critical driver in the overall cost of impairment that CLECs face in Alabama that  
15 cannot be ignored – a cost that contributes significantly to the overall cost of  
16 impairment for CLECs in Alabama. Mr. Ruscilli's rebuttal testimony that AT&T  
17 should have complained about the level of this cost in another proceeding does  
18 not change what the cost is now. The hot cut cost that exists in Alabama is what  
19 CLECs will be faced with and this cost leads to a large portion of the overall cost  
20 of impairment faced by CLECs in Alabama. It is simply a fact that Mr. Ruscilli's  
21 testimony does nothing to change.

22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes it does.

---

<sup>16</sup> Ruscilli Rebuttal Testimony, pp 27-28.

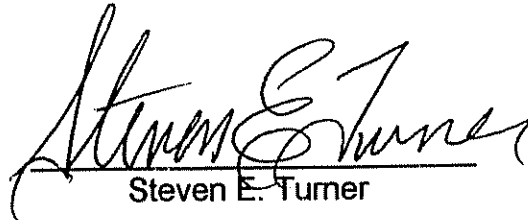
# AFFIDAVIT

STATE OF

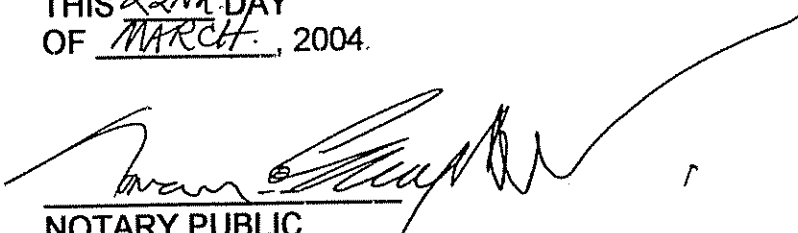
COUNTY OF

BEFORE, ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Steven E. Turner, who being by me first duly sworn, deposed and said that:

He is appearing as a witness before the Alabama Public Service Commission in Docket No. 29054 Phase II on behalf of AT&T Communications of South Central States, LLC., and if present before the Commission and duly sworn, his surrebuttal testimony would be set forth in the annexed testimony consisting of \_\_\_\_\_ pages and \_\_\_\_\_ exhibit (s).

  
Steven E. Turner

SWORN TO AND  
SUBSCRIBED BEFORE ME  
THIS 2nd DAY  
OF MARCH, 2004.

  
NOTARY PUBLIC  
Notary Public, Fulton County, Georgia  
My Commission Expires June 19, 2006

**BEFORE THE  
ALABAMA PUBLIC SERVICE COMMISSION**

<b>In Re:</b>	)	
	)	
<b>IMPLEMENTATION OF THE FEDERAL</b>	)	<b>DOCKET 29054</b>
<b>COMMUNICATIONS COMMISSION'S</b>	)	
<b>TRIENNIAL REVIEW ORDER (PHASE II -</b>	)	<b>Filed: March 24, 2004</b>
<b>LOCAL SWITCHING FOR MASS MARKET</b>	)	
<b>CUSTOMERS)</b>	)	
_____	)	

SURREBUTTAL TESTIMONY OF

MARK DAVID VAN DE WATER

ON BEHALF OF

AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, LLC

**PUBLIC VERSION**

1    **Q.    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2    A.    My name is Mark David Van de Water.  My business address is 7300 East  
3           Hampton Avenue, Room 1102, Mesa, AZ 85208-3373.

4    **Q.    ARE YOU THE SAME MARK DAVID VAN DE WATER WHO**  
5           **PREVIOUSLY FILED DIRECT TESTIMONY IN THIS DOCKET ON**  
6           **JANUARY 20, 2004, AND REBUTTAL ON MARCH 5, 2004?**

7    A.    Yes, I am.

8    **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9    A.    My Surrebuttal testimony responds to portions of the rebuttal testimony of  
10           BellSouth's witnesses Ken L. Ainsworth, Alfred A. Heartley, Milton McElroy Jr.,  
11           Ronald M. Pate, John A. Ruscilli, Eric Fogle, and A. Wayne Gray.

12           **Testimony of BellSouth Witness Ken Ainsworth**

13   **Q.    ON PAGE EIGHT OF HIS TESTIMONY, MR. AINSWORTH RESPONDS**  
14           **TO TWO OF AT&T'S CONCERNS REGARDING BELL SOUTH'S**  
15           **BATCH PROCESS: (1) THAT THE PROCESS DOES NOT ALLOW**  
16           **AFTER HOURS CUTS, AND (2) THAT THE PROCESS DOES NOT**  
17           **INSURE THAT ALL END USER'S LINES WOULD BE PROVISIONED**  
18           **ON THE SAME DAY. DOES MR. AINSWORTH'S RESPONSE**  
19           **ALLEVIATE YOUR CONCERNS?**

20   A.    No.  For example, although Mr. Ainsworth states that BellSouth has agreed to  
21           provide after hours cuts, the information provided in Mr. Ainsworth's Rebuttal  
22           Exhibit KLA-7 indicates numerous restrictions.  For example; batch sizes are too  
23           small or undefined for nights and weekends, loop types which can be included are  
24           restricted, and certain time-slots are excluded.  Further, although he claims that he

1 has alleviated AT&T's concerns that all of an end users lines would be  
2 provisioned on the same day, he has not. Indeed, a careful reading of lines twenty  
3 through twenty three on page eight reveals that BellSouth still has not agreed to  
4 migrate all end-user's lines on the same day.

5 **Q. ON PAGE NINE OF HIS TESTIMONY, MR. AINSWORTH**  
6 **REFERENCES A WEB BASED SCHEDULING TOOL. HAS MR.**  
7 **AINSWORTH SUBMITTED A CHANGE REQUEST OR**  
8 **COLLABORATED WITH THE COMPETITIVE LOCAL EXCHANGE**  
9 **CARRIERS ("CLECS") ON THE SPECIFICS OF THIS PROMISED**  
10 **OFFERING?**

11 **A.** No. Until the CLECs know more about this tool, it is, of course, impossible to  
12 know if it will be adequate to meet their needs. AT&T recommends that the  
13 Commission order BellSouth to provide an electronic scheduling tool that advises,  
14 in increments of one hour, of batch availability. For example, the tool would  
15 advise that 8-9 a.m. March 01, 2004 is available.

16 **Q. ON PAGE FIFTEEN OF HIS TESTIMONY, MR. AINSWORTH ASSERTS**  
17 **THAT BELL SOUTH DOES HAVE A TIMELY PROCESS FOR**  
18 **RESTORAL OF CUSTOMER SERVICES. DO YOU AGREE?**

19 **A.** No. Mr. Ainsworth states that BellSouth has updated its UNE-P to UNE-L Bulk  
20 Migration Process to document the restoral process. However, the described  
21 process has no timeframes for completion. Other Incumbent Local Exchange  
22 Carriers ('ILECs'), such as SBC, are much more responsive to this customer-  
23 impacting issue. AT&T recommends that the Commission order the following  
24 requirements: If an individual cut in a batch fails, and the number has not been  
25 ported, the ILEC should restore the service in one hour. For numbers that have

1           been ported, the interval for restoring the customer's service should not exceed 4  
2           hours.

3       **Q.    ON PAGE TWENTY-FIVE OF HIS TESTIMONY, MR. AINSWORTH**  
4       **NOTES THAT BELL SOUTH HAS AGREED TO REDUCE D THE 14 DAY**  
5       **PROVISIONING INTERVAL TO 8 DAYS. PLEASE COMMENT.**

6       **A.    BellSouth's offer is insufficient. The interval to confirm a CLEC's request for a**  
7       batch and provide the batch ID should be one day, and the interval from Local  
8       Service Request ("LSR") submission to completion should be no more than four  
9       days<sup>1</sup>. This, of course, is still not at the required level of parity with Unbundled  
10      Network Element-Platform ("UNE-P"), but as I indicated in my direct testimony,  
11      no manual process, including a manual batch process, is capable of eliminating  
12      impairment.

13      **Q.    ON PAGE TWENTY-TWO OF HIS TESTIMONY, MR. AINSWORTH**  
14      **ALLEGES THAT YOUR PREMISE THAT THE MANUAL HOT CUT**  
15      **PROCESS IS INHERENTLY INCAPABLE OF SUSTAINING VOLUMES**  
16      **NECESSARY TO SUPPORT UNBUNDLED NETWORK ELEMENT-**  
17      **LOOPS ("UNE-L") IS NOT IN "ACCORD" WITH THE TRIENNIAL**  
18      **REVIEW ORDER ("TRO"). DO YOU AGREE?**

19      **A.    Absolutely not. I refer Mr. Ainsworth specifically to Paragraph 469 of the TRO**  
20      which states "...rather the issue identified in the record is an inherent limitation in  
21      the number of manual cutovers that can be performed, which poses a barrier to  
22      entry that is likely to make entry into a market uneconomic."

23      **Q.    ON PAGE TWENTY-FOUR OF HIS TESTIMONY, MR. AINSWORTH**  
24      **LISTS SEVERAL PROPOSED CHANGES TO BELL SOUTH'S BATCH**

---

<sup>1</sup> Indeed, Mr. Ainsworth states on page 18 of his testimony that "BellSouth's intervals for individual hot cuts range from 3-4 days..."

**ORDERING PROCESS FILED IN ITS DIRECT TESTIMONY. PLEASE COMMENT.**

A. Because BellSouth has chosen to respond to some CLEC concerns in this docket, rather than through their request in operational channels for a workshop or collaborative, the information provided by BellSouth is in many cases too sketchy to fully evaluate.<sup>2</sup> Additionally, I have responded to some of these proposals earlier in this testimony. Further, attached as Exhibit MDV-SR1, is AT&T's assessment of how BellSouth's three offerings (one in Ainsworth and Pate direct, one in Ainsworth rebuttal and another in McElroy's rebuttal) compare to AT&T's recommendations for a batch hot cut process. As is evident in the attached exhibit, there are numerous areas that are simply not addressed, others where BellSouth's proposals are inadequate, and still other cases where sufficient information is simply not available. AT&T urges the Commission to order the batch hot cut process it proposes. While not eliminating impairment, AT&T's recommendation would make much needed improvements that would facilitate migrations from UNE-P to UNE-L, when it is otherwise feasible to do so.

**Testimony of BellSouth Witness Milton McElroy**

**Q. BEGINNING ON PAGE THREE OF HIS TESTIMONY, MR. MCELROY BRIEFLY DESCRIBES ANOTHER BELL SOUTH "BATCH" PROPOSAL, THE MASS MIGRATION CONVERSION PROCESS. WHICH BATCH PROCESS IS BELL SOUTH ASKING THIS COMMISSION TO APPROVE AS TRO COMPLIANT?**

---

<sup>2</sup> As I indicated in my rebuttal testimony on page eight and in Exhibit MDV-R1, BellSouth has resisted efforts by CLECs to have a batch process addressed in the Change Control Process

1     A.     It is not entirely clear, but it appears that BellSouth is indicating its belief that its  
2           batch process is sufficient, and thus this mass migration process is not required to  
3           establish a TRO compliant process. (See Exhibit MDV-SR2)

4     **Q.     DO YOU HAVE CONCERNS ABOUT BELLSOUTH'S "MASS**  
5           **MIGRATION CONVERSION" PROCESS?**

6     A.     Yes. While the information provided by Mr. McElroy was sketchy, the Mass  
7           Migration process appears to suffer from the following fatal flaws:  
8           First, it is designed for a very narrow application. It appears to be available only  
9           to embedded base lines, only for non-coordinated cuts, and only when migrating  
10          those lines in large quantities (a minimum of 500 lines).  
11          Second, it deprives CLECs of control over its end-users customer experience in at  
12          least three respects:

13                 1.     It prevents a CLEC's customer from making changes to their  
14                 account for up to 180 days.

15                 2.     It prevents the CLEC or the end-user from having control over or  
16                 even knowledge of the time of day or even day of week that the customer's  
17                 service will be interrupted.

18                 3.     It prevents the CLEC from monitoring the quality of the cut during  
19                 the critical period between the cut-over of the loop and activation of the telephone  
20                 number.

1 Third, this process has not been tested, and has no "hot cut" performance  
2 measures to monitor results. In short, it is clearly not TRO compliant, and is not a  
3 process AT&T would consider using.<sup>3</sup>

4 **Testimony of BellSouth Witness Alfred Heartley**

5 **Q. ON PAGE FIVE OF MR. HEARTLEY'S TESTIMONY, HE DISCUSSES**  
6 **THE IMPACT OF INTEGRATED DIGITAL LOOP CARRIER ("IDLC").**  
7 **PLEASE COMMENT.**

8 **A.** While Mr. Heartley discusses the impact of IDLC on work loads, his information  
9 is also useful to the Commission for other reasons. He states that "based on  
10 regional estimates of 4,827 daily outside dispatches, well over 2.2 million  
11 dispatches could be required to complete the conversions and handle the growth."  
12 Using BellSouth's information that each IDLC cut-over (which is only one part of  
13 the hot cut process and thus the costs of the hot cut process) takes 1 hour, and  
14 multiplying that by a salary rate of approximately **\*\*\*Begin Confidential** [REDACTED]  
15 **End Confidential\*\*\*** per productive hour," the costs to CLECs and their end-  
16 users is **\*\*\*Begin Confidential** [REDACTED] **End Confidential\*\*\***.  
17 Importantly, this figure does not include non-salary costs that CLECs would also  
18 have to bear. Critically, CLECs would be paying these millions of dollars for an  
19 activity that adds no value to the customer's service, and in fact will likely  
20 degrade it.

---

<sup>3</sup> See Exhibit MDV-SR1 for additional shortcomings of this process.

1        **Volume of Hot Cuts**

2        **Q.    SEVERAL OF BELL SOUTH'S WITNESSES (AINSWORTH AT PAGE**  
3        **SIXTEEN AND HEARTLEY AT PAGE FOUR) DISCUSS VOLUMES OF**  
4        **125 TO AS MANY AS 320 HOT CUTS ON A SINGLE DAY. HOW DO**  
5        **YOU RESPOND?**

6        A.    It appears, that in certain central offices, for a single day, using extraordinary  
7        forcing (and likely unsustainable) methods, with their accompanying  
8        extraordinary costs, BellSouth can cut 125 lines and even up to 320 lines in a day.  
9        It is vital to note, however, that all the cut-over activity did not actually occur in  
10       one day. For example, during the PwC review, when 125 lines were "cut" per  
11       day, the pre-wiring work was actually done for up to four additional days in  
12       advance. (See Exhibit MDV-SR3)

13                Thus, unusually executed, occasional events, while interesting, are not  
14        dispositive in a proceeding which is designed to determine whether CLECs are  
15        impaired in providing day-to-day service to mass market customers. No evidence  
16        was provided that this same level of volume of work (as well as the central office  
17        work that must be done before the hot cuts) could be sustained on a regular basis.  
18        In addition to being capable of handling large volumes of customers, the batch  
19        process must also deliver seamless and low cost service. As I describe in my  
20        rebuttal testimony, PwC observed numerous instances of service impacting  
21        deficiencies in BellSouth's performance during the test. And, as I described  
22        earlier in this testimony and in my rebuttal testimony, BellSouth is asking this  
23        Commission to require CLECs to spend millions upon millions of dollars only to  
24        provide consumers with worse service than they receive today via UNE-P.

1        **Testimony of BellSouth Witness John Ruscilli**

2        **Q.    ON PAGE TWENTY FIVE OF HIS TESTIMONY, MR. RUSCILLI**  
3        **DISCUSSES THE SEAMLESS NATURE OF UNE-P AND PRIMARY**  
4        **INTEREXCHANGE CARRIER ("PIC") CHANGES.    PLEASE**  
5        **COMMENT.**

6        A.    Mr. Ruscilli appears to agree with AT&T and MCI that UNE-P migrations and  
7        PIC changes are seamless, while hot cuts are not. Mr. Ruscilli's testimony reveals  
8        that he does not maintain that hot cuts are seamless and in fact does not believe  
9        that they should be seamless. This position contradicts both the FCC and other  
10       BellSouth witnesses. In order to overcome impairment, the hot cut process must  
11       be seamless and low-cost.

12       **Q.    ON PAGE TWENTY SIX OF HIS TESTIMONY, MR. RUSCILLI STATES**  
13       **THAT THE FCC "FLATLY REJECTED AT&T'S ELP PROPOSAL" AND**  
14       **STATED THAT THIS COMMISSION SHOULD DO THE SAME. DO**  
15       **YOU AGREE?**

16       A.    Absolutely not. Mr. Ruscilli ignores the part of the TRO in which the FCC states  
17       that although it declines to order Electronic Loop Provisioning ("ELP") *at this*  
18       *time*, it may reexamine AT&T's proposal if hot cut processes are not, in fact,  
19       sufficient to handle necessary volumes. TRO ¶ 419. Electronic loop provisioning  
20       would be both seamless and low cost, and could handle the volumes required by  
21       the mass market. AT&T is requesting that the Commission find that the ILECs'  
22       hot cuts processes are insufficient, thus impairing CLECs without access to  
23       unbundled switching, and to initiate another proceeding to determine whether  
24       ELP would eliminate this impairment.

1   **Q.   ON PAGE TWENTY-FIVE OF HIS TESTIMONY, MR. RUSCILLI**  
2   **STATES THAT “THE QUESTION FOR THE COMMISSION IS NOT**  
3   **WHETHER UNE-P IS THE SAME AS UNE-L.” DO YOU AGREE?**

4   **A.**   No. Mr. Ruscilli is understandably choosing to ignore Paragraph 512 of the TRO  
5       that states, “[s]pecifically, we ask the states to determine whether incumbent  
6       LECs are providing nondiscriminatory access to unbundled loops”, which further  
7       explains in footnote 1574 that “this review is necessary to ensure that customer  
8       loops can be transferred from the incumbent LEC main distribution frame to a  
9       competitive LEC collocation as promptly and efficiently as incumbent LECs can  
10      transfer customers using unbundled local circuit switching.” Therefore, the issue  
11      of whether UNE-L is the same as UNE-P is clearly critical to this proceeding.

12       **Testimony of BellSouth Witness Ronald Pate**

13   **Q.   ON PAGE TWO OF HIS REBUTTAL TESTIMONY, MR. PATE**  
14   **INDICATED THAT BELL SOUTH’S IMPLEMENTATION OF AT&T’S**  
15   **CHANGE REQUEST FOR A BULK MIGRATION PROCESS DID MEET**  
16   **AT&T’S STATED NEEDS. IS MR. PATE CORRECT?**

17   **A.**   No, and this fact is not news to BellSouth. BellSouth has known since at least  
18       mid-2002 that AT&T was dissatisfied. In BellSouth’s September 20, 2002  
19       response to Ms. Denise Berger of AT&T, BellSouth stated “During our  
20       conversation you indicated that the new process resulting from CR0215 would not  
21       meet the needs of the internal AT&T organization. Those needs apparently have  
22       prompted the request for a different new process as outlined in your August 30  
23       letter.” BellSouth even suggested in the letter that AT&T submit another change  
24       request. (See Exhibit MDV-SR4.)

1 Q. PLEASE SUMMARIZE AT&T'S EXPERIENCE WITH THE  
2 IMPLEMENTATION OF "BATCH" OR "BULK" HOT CUTS IN  
3 BELL SOUTH.

4 A.  
5 • Well over three years ago, AT&T requested that BellSouth provide a process  
6 that would accommodate both bulk ordering and provisioning of its customers  
7 from UNE-P to UNE-L.  
8 • Dissatisfied with the process BellSouth planned to implement, on August 30,  
9 2002, AT&T wrote a letter to BellSouth requesting that it develop a bulk  
10 conversion process. (See Exhibit MDV-5 of Van De Water Direct  
11 Testimony.)  
12 • BellSouth responded that AT&T should submit a second change request or a  
13 new business request.  
14 • AT&T submitted a new business request for a bulk conversion process, to use  
15 at its option, to migrate its customers from UNE-P to UNE-L.  
16 • BellSouth agreed that AT&T's request was feasible, but required exorbitant  
17 fees (\$134.32) in addition to the usual high hot cut charges, and refused to  
18 commit to a number of conversions to be implemented per day.  
19 BellSouth's prices and lack of willingness to make volume commitments  
20 prevented AT&T from moving forward with its new business request for bulk  
21 conversions of its customers from UNE-P to UNE-L.

22 Q. ON PAGE FOURTEEN OF HIS TESTIMONY, MR. PATE CLAIMS THAT  
23 YOU MISCHARACTERIZED DATA BECAUSE THE NUMBERS YOU  
24 USED TO COMPARE FLOW-THROUGH FOR UNE-P ORDERS VERSUS

1       **UNE-L ORDERS DID NOT IN FACT REPRESENT FLOW-THROUGH.**  
2       **DO YOU AGREE?**

3       A.     Absolutely not. BellSouth described the percentage numbers I used from its  
4             responses to Interrogatories 28 and 32 as numbers for "fully mechanized" orders.  
5             Fully mechanized orders flow-through. Only fully mechanized orders flow-  
6             through; manually handled orders do not. Therefore, the terms are used  
7             interchangeably throughout the industry.

8       Q.     **MR. PATE CRITIZED YOU FOR USING A 27.1 PERCENT FLOW-**  
9             **THROUGH RATE FOR UNE-L MIGRATIONS IN YOUR ANALYSIS.**  
10            **WHAT PERCENT FLOWTHROUGH DOES BELL SOUTH USE TO**  
11            **CALCULATE ITS FORCING NEEDS FOR HANDLING LOOP WITH**  
12            **LOCAL NUMBER PORTABILITY ("LNP") ORDERS IN ITS LOCAL**  
13            **CARRIER SERVICE CENTERS?**

14      A.     BellSouth also uses a number well below those Mr. Pate reviews in this  
15             testimony, 37 percent. (See Exhibit MDV-SR5)

16      Q.     **GIVEN THAT THE TERM FULLY MECHANIZED DOES NOT**  
17             **INCLUDE MANUALLY HANDLED, DID YOU HAVE ANY CONCERNS**  
18             **ABOUT USING BELL SOUTH'S FULLY MECHANIZED**  
19             **PERCENTAGES?**

20      A.     When I reviewed the data, I determined that BellSouth had in fact included  
21             manual LSRs in its calculation of "percent fully mechanized." Although that  
22             could only result in overstating BellSouth's fully mechanized or flow-through  
23             performance, I decided to make use of the information, as it is particularly  
24             relevant for this proceeding. It is specific to migrations, while the flow-through  
25             performance reports produced monthly by BellSouth also include other categories  
26             of information such as feature changes and LNP stand-alone. My intent was to

1 illustrate the vast disparity in the flow-through or full mechanization of UNE-P  
2 and UNE-L migration orders. The information provided by BellSouth that I used  
3 in my testimony does exactly that.

4 **Q. ON PAGES EIGHT THROUGH TEN OF HIS TESTIMONY MR PATE**  
5 **DISCUSSES FLOW-THROUGH PERFORMANCE. PLEASE**  
6 **COMMENT.**

7 A. Mr. Pate's analysis of UNE, resale, and talk of improvement plans appear  
8 intended to distract attention away from the issue I asked this Commission to  
9 consider: most UNE-P migration orders are fully electronic and thus flow-  
10 through BellSouth's ordering systems; most UNE-L migration orders are  
11 manually created by BellSouth, and thus do not flow-through BellSouth's  
12 ordering systems. Mr. Pate's chart on page ten is particularly illuminating in this  
13 regard. It indicates that UNE-P LSRs comprise 78.6% of the LSR population,  
14 while LNP (which includes BOTH stand-alone LNP, and UNE-L migrations with  
15 LNP) comprise only 1.6%. BellSouth is asking this Commission to change the  
16 way that 78.6% of customer requests are handled and have them be treated as the  
17 <1.6% are treated, with abysmal flow-through performance.

18 **Q. ON PAGE TWENTY-TWO OF HIS TESTIMONY, MR. PATE**  
19 **INDICATES THAT CLEC-TO-CLEC MIGRATION ISSUES ARE BEING**  
20 **ADDRESSED BY A COLLABORATIVE IN FLORIDA. DO YOU**  
21 **AGREE?**

22 A. Yes. BellSouth, however, is responsible for many areas of concern that are not  
23 being addressed by the collaborative including:

- 24
- CLEC-to-CLEC migrations are not defined in the batch process,

- CLEC to CLEC UNE-L orders must be submitted manually,

\*\*\*Begin Confidential

[REDACTED]

\*\*\*End Confidential

Testimony of BellSouth Witness Wayne Gray

Q. ON PAGES FOURTEEN AND FIFTEEN OF HIS TESTIMONY, MR. GRAY PROVIDES HIS VIEW OF BELL SOUTH'S OBLIGATION TO PROVIDE CROSS CONNECTS. PLEASE COMMENT.

A. Inexplicably, Mr. Gray insists on discussing BellSouth's view of its obligations under Section 51.323, which are not at issue, and avoids addressing its obligations under Section 51.319, which are at issue in this docket. As I discussed in my rebuttal testimony, BellSouth is obligated to provide cross connects under the TRO.

First in Paragraph 478:

*Incumbent LEC Provisioning of Competitive LEC-to-Competitive LEC Cross – Connects.* We further find that an incumbent LEC's failure to provide cross-connections<sup>1473</sup> between the facilities of two competitive LECs on a timely basis can also result in impairment. Competition in the absence of unbundled local circuit switching requires seamless and timely migration not only to and from the incumbent's facilities, but also to and from the facilities of other competitive carriers.<sup>1474</sup> Such interconnection requires that the incumbent LEC place cross connections between the

competitive carriers' facilities in its central office on a timely basis. The incumbent's failure to do so will tend to delay competitors' entry, and thus to increase competitors' costs. We conclude that in some cases, such failure can give rise to impairment in the absence of unbundled local circuit switching.

<sup>1473</sup> Cross-connection is the "attachment of one wire to another usually by anchoring each wire to a connecting block and then placing a third wire between them so that an electrical connection is made." *Id.*; see also AT&T Brenner Decl. at para. 21; Z-Tel Comments, Declaration of Peggy Rubino at para. 12.

(emphasis added). Second, in Paragraph 514:

*Competitive LEC – to – Competitive LEC Cross Connects.* We have also determined that an incumbent LEC's **failure to provide** cross-connections between the facilities of two competitive LECs on a timely basis can result in impairment. Therefore, a state commission considering whether to find "no impairment" with regard to mass market switching must evaluate whether such delays increase requesting carriers' costs to such a degree that entry into the market is rendered uneconomic in the absence of unbundled switching. **Evidence relevant to this inquiry would include, for example, information regarding the incumbent's practices and procedures with regard to provision of cross-connects linking competitive carriers' facilities, competitive LECs' complaints regarding the incumbent's past performance in this area, the incumbent LEC's response to these complaints, the costs incurred in connection with deficient performance in this regard, and the degree to which those costs render entry into a given market uneconomic.**

(emphasis added). And in the TRO rules, Section 51.319 which states:

Specifically, the state commission shall examine whether....difficulties in obtaining cross-connects in an incumbent LEC's wire center render entry uneconomic for requesting telecommunications carriers in the absence of unbundled access to local circuit switching.

**Q. ON PAGE FIFTEEN OF HIS TESTIMONY, MR. GRAY DESCRIBES A NEW FCC TARIFF OFFERING IN WHICH BELL SOUTH WILL OFFER TO PROVIDE CROSS CONNECTS. DOES THIS ACCESS SERVICE TARIFF MEET CLEC NEEDS FOR CROSS CONNECTS FOR USE IN THE MASS MARKET?**

**A.** No. As I discussed in my rebuttal testimony, BellSouth's new FCC tariffed "Special Access product" will require that the CLECs wishing to have BellSouth

1 provide a cross connection on BellSouth's frame between a connecting facility  
2 assignment ("CFA") from one CLEC's collocation to a CFA in a second CLEC's  
3 collocation to engage in "line splitting" of a local loop (not otherwise subject to  
4 the FCC's jurisdiction) and to certify that the traffic carried on that CFA to CFA  
5 connection (a frame jumper wire) meet the FCC's de minimus (10%) interstate  
6 rule. This unnecessarily subjects a non-complex Plain Old Telephone Service  
7 ("POTS") mass market line to cumbersome procedures such as certification and  
8 audits, and irrelevant obligations such as the requirement that the line carry at  
9 least 10% interstate traffic.<sup>4</sup> While Mr. Gray cites, on page 15 of his testimony, to  
10 the portion of the rules pursuant to section 201 of the Act, he provides no offering  
11 pursuant to section 251 of the Act, which requires no such certification (and is  
12 referenced in the same paragraph of the rule).

13 Further, BellSouth's new "product" cannot be ordered efficiently. UNE  
14 local loops are ordered on a Local Service Request ("LSR"). When such a loop is  
15 to be "split" between two CLECs, BellSouth will require that the connection  
16 necessary to accomplish the "split" be ordered and provisioned out of its FCC  
17 Access Tariff using an Access Service Request ("ASR"). There will be no means  
18 of electronically ordering such an arrangement and the coordination, through  
19 relating the LSR and ASR, that will be required to establish working services  
20 (voice and ADSL) for the customer. Thus the voice CLEC must issue an LSR,  
21 the data CLEC must issue an LSR, and one of the CLECs (depending on the  
22 routing of the loop between the two) must issue an ASR. Manual processing will

---

<sup>4</sup> It makes no sense for BellSouth to offer cross connects via an access tariff in this mass market proceeding when it has clear responsibilities to provide cross-connects for mass markets under the TRO.

1 be required for all three ordering documents. Such a manual and restrictive  
 2 process creates operational and economic barriers to providing Digital Subscriber  
 3 Line ("DSL") services to mass market customers.

4 Further, BellSouth has assigned the exorbitant rate of \$350.00 per 2 wire  
 5 circuit for this access service.<sup>5</sup> In contrast, BellSouth is only permitted to charge  
 6 \$12.30 for cross-connects for local service. (See Ruscilli Exhibit JAR-4)  
 7 BellSouth's proposed policies and practices for this service are designed to  
 8 complicate and hinder the provision of line splitting service to CLEC customers  
 9 and should be rejected by this Commission.

10 **Q. ON PAGES SIXTEEN THROUGH TWENTY OF HIS TESTIMONY, MR.**  
 11 **GRAY DISCUSSES BELL SOUTH'S POLICY REGARDING THE USE OF**  
 12 **MULTIPLE COMPANY CODES AND RECOMMENDS ACTION THAT**  
 13 **AT&T TAKE TO ADDRESS THIS ISSUE. PLEASE COMMENT.**

14 **A.** On page sixteen, lines nineteen through twenty-one of his testimony, Mr. Gray  
 15 succinctly describes the root cause of the problem I described on pages fifty-one  
 16 through fifty-four of my direct testimony: "It is BellSouth's policy not to accept  
 17 assignments from CLECs other than the owner of the collocation space. . . ." (Mr.  
 18 Gray does not indicate how he thinks the ordering CLEC could have the  
 19 assignments to provide them to BellSouth without first having obtained them  
 20 from the owning CLEC). Mr. Gray goes on to say that the reason for this policy  
 21 is "to protect a CLEC's assets/property," and that "BellSouth's ordering and

---

<sup>5</sup> The exorbitant rate and tortured procedures offered for cross connects is belied by the testimony of BellSouth witness Varner, who at page twenty-seven of his direct testimony states, "As previously stated in this testimony, the cross-connect process is a very basic procedure that BellSouth performs frequently on an ongoing basis. There is no appreciably greater difficulty involved in providing co-carrier cross-connect as compared to a cross-connect between BellSouth and a CLEC. A cross-connect is a cross-connect."

1 provisioning systems contain edits that prevent unauthorized assignment of its  
2 customer's collocation assets." Incredibly, BellSouth takes this position when  
3 AT&T attempts to use its own assets that have differing codes, although it knows  
4 full well that AT&T owns the equipment and is therefore fully "authorized."  
5 Instead, it offers extremely costly and burdensome options to remove protection  
6 AT&T has not requested.

7 **Q. DOES MR. GRAY ACKNOWLEDGE THAT BELL SOUTH'S POLICIES,**  
8 **PRACTICES, AND SYSTEMS EFFECTIVELY PREVENT A CLEC**  
9 **FROM BEING ABLE TO ORDER A LOOP FROM BELL SOUTH AND**  
10 **SWITCHING FROM ANOTHER CLEC?**

11 A. Yes, he does, although it follows his initial answer of no. The net of Mr. Gray's  
12 response (on pages 17-20) is that BellSouth will permit a DS1 loop to be ordered  
13 from BellSouth by one CLEC and delivered to the collocation space of another  
14 CLEC, but will *not* permit a DS0 loop be ordered from BellSouth by one CLEC  
15 and delivered to the collocation space of another CLEC. DS0 loops are those  
16 used to serve mass market customers and accordingly they are the subject of this  
17 proceeding. It is unclear why Mr. Gray felt it necessary to include enterprise  
18 loops in his response.

19 **Q. PLEASE SUMMARIZE THE RELEVANCE OF THIS PROBLEM TO**  
20 **THIS PROCEEDING.**

21 A. Any CLEC who wanted to order wholesale switching, should it become available,  
22 to use with analog UNE loops (DS0) for mass market customers would encounter  
23 the problems described in my direct testimony and the testimony of Mr. Gray.

1        These difficulties are caused solely by BellSouth's claimed policy decision to  
2        provide unwanted protection to CLECs. If BellSouth's interest is truly to protect  
3        CLECs, as well as itself, it could require that a letter of authorization between the  
4        two company entities/CLECs be provided before service is provisioned.  
5        BellSouth does this today for DS1 or higher level of service. It simply refused to  
6        do so for DS0 service.

7        **Testimony of BellSouth Witness Eric Fogle**

8        **Q.    ON PAGE FIVE OF HIS TESTIMONY, MR. FOGLE ASSERTS THAT**  
9        **YOU MISCHARACTERIZED LINE SPLITTING AS UNE-P BASED.**  
10       **PLEASE RESPOND.**

11       **A.**    Based on his response, Mr. Fogle does not appear to take issue with my detailed  
12       description of line splitting, only the "UNE-P based" label. Further, as he did not  
13       take issue with the substance of my description, it is unclear why he believes I  
14       was operating under a "misconception".

15       **Q.    DO BELL SOUTH EMPLOYEES ALSO REFER TO "UNE-P LINE**  
16       **SPLITTING?**

17       **A.**    Yes. For example, in the bracketed section of the second page of BellSouth-  
18       generated meeting notes from the December 11, 2003 BST Line sharing/Line  
19       Splitting Collaborative, BellSouth reports "Readily identified as high importance  
20       were a) migrating *existing UNE-P with line splitting* to UNEL and retain  
21       DSL..." (emphasis added) (See Exhibit MDV-SR6.)

1   **Q.   ON PAGE TWELVE OF HIS TESTIMONY, MR. FOGLE REFERENCES**  
2   **THE FACT THAT DEDICATED WIRING DOES NOT MAKE SENSE**  
3   **FOR A 4% TAKE RATE OF DSL. PLEASE RESPOND.**

4   A.   AT&T never indicated that it “made sense,” only that installing dedicated CLEC  
5       collocation cage to CLEC collocation cage cabling was the only process available.  
6       Further, it appears that Mr. Fogle does not share the same optimism as other  
7       BellSouth witnesses about CLECs’ ability to attract DSL customers. For example,  
8       in her testimony at Exhibit DJA-05, Dr. Aron indicates that in three years a single  
9       CLEC would obtain a 15% penetration rate of the DSL market, and 25% of the  
10      small business DSL market.

11   **Q.   ON PAGE TWELVE OF HIS TESTIMONY, MR FOGLE SUGGESTS**  
12   **THAT AT&T DISPATCH ON EVERY DSL ORDER INSTEAD OF**  
13   **WIRING DEDICATED CABLING. PLEASE RESPOND.**

14   A.   As I indicated in footnote 24 of my direct testimony, AT&T is aware of the  
15       dispatch option, but views such an arrangement as both economically and  
16       operationally infeasible. Therefore, Mr. Fogle simply offers to exchange one  
17       inefficient process for another. He recommends that AT&T approach BellSouth  
18       to provide technician dispatches at undefined “market” rates. However, in  
19       calculating our “savings” if we do not deploy some of the equipment I described  
20       in my direct testimony, he fails to provide the additional costs of the required  
21       dispatches, which I assume would minimally include the \$350.00 per line charge  
22       for a cross connect.

1   **Q.   GIVEN THE OPERATIONAL AND ECONOMIC HURDLES OF LINE**  
2   **SPLITTING USING UNE-L YOU HAVE DESCRIBED IN YOUR**  
3   **TESTIMONY, WHAT DO YOU RECOMMEND?**

4   A.   Those hurdles are an additional source of impairment to an already impaired  
5       UNE-L process. As such, a finding that CLECs are impaired without access to  
6       unbundled switching would certainly address the problems of being forced to use  
7       such a process.

8   **Q.   FOR ANY CASES WHERE A CLEC CHOOSES TO PROVIDE DSL VIA**  
9   **UNE-L LINE-SPLITTING, HAS BELL SOUTH MET ITS OBLIGATIONS?**

10  A.   No. As I described above in my response to Mr. Gray, the TRO at ¶514  
11       specifically determined that “an incumbent LEC’s failure to provide cross  
12       connections between the facilities of two competitive LECs on a timely basis can  
13       result in impairment.” BellSouth’s “access” cross-connect is not economically or  
14       operationally feasible. Further, BellSouth’s existing “Co-carrier Cross  
15       Connection Arrangement” is not, in fact, a cross connection offering at all, it is  
16       only BellSouth’s authorization for two CLECs to install a dedicated cable  
17       between the respective collocations in the same central office.

18  **Q.   ON PAGE NINETEEN OF HIS TESTIMONY, MR. FOGLE APPEARS TO**  
19  **INDICATE THAT THE CLEC’S “INTEREST” IN UNE-L LINE**  
20  **SPLITTING HAS BEEN LIMITED AND RECENT. IS THAT YOUR**  
21  **UNDERSTANDING?**

22  A.   No. A review of BellSouth’s line-splitting collaborative meeting notes indicates  
23       that in the February 27, 2003 meeting, MCI agreed to provide information to the  
24       group about UNE-L or loop-splitting. Further, it is clear from the attached July

1 2003 e-mails from Denise Berger of AT&T to various BellSouth employees that  
2 discussions on this topic occurred in the May and June 2003 collaborative  
3 meetings. Finally, the July 30, 2003 e-mail from Denise Berger asked a series of  
4 questions attempting to gain information on this topic. (See Exhibit MDV-SR7.)  
5 Ms. Berger received no response from Bellsouth to her July request until  
6 December 19, 2003 in which her questions were still not answered, but she was  
7 referred to an upcoming tariff. (See Exhibit MDV-SR8.)

8 **Q. YOU MENTIONED THAT AMONG OTHER OBSTACLES, THE USE OF**  
9 **AN ASR IS REQUIRED IN BELL SOUTH'S OFFERING. DOESN'T**  
10 **THAT DIFFER FROM MR. FOGLE'S TESTIMONY ON PAGE**  
11 **SIXTEEN?**

12 A. Yes. Mr. Fogle says ASRs are not needed for any *currently* available  
13 components needed for Line Splitting. However, the process BellSouth is  
14 offering to obtain cross-connects for UNE-L line splitting does require ASRs, and  
15 the effective date of the tariff is January 9, 2004.

16 **Q. ON PAGE TWENTY-ONE OF HIS TESTIMONY, MR. FOGLE**  
17 **INDICATED THAT THE CLECS HAD NOT FORMALLY REQUESTED**  
18 **BELL SOUTH TO BEGIN WORK ON ESTABLISHING PROCEDURES,**  
19 **ETC. FOR HOT CUT MIGRATIONS TO UNE-L. PLEASE RESPOND.**

20 A. While I am unsure what sort of "formal" request BellSouth requires, I assume Mr.  
21 Fogle is not insinuating that CLECs have not repeatedly communicated with  
22 BellSouth on the need for a viable means of loop splitting and attempted to move  
23 forward to implementation, as it is absolutely clear that is not the case. For  
24 example, as I described earlier in my testimony, AT&T attempted in writing to

1 obtain more information from BellSouth in July 2003 by posing the following  
2 questions:

- 3 1. How does BellSouth plan to solicit and incorporate CLEC input into  
4 the development of this capability and the subsequent offering? In  
5 which CLEC forum will this be discussed?
- 6 2. What is the timeframe for delivery of this service?
- 7 3. How does BellSouth plan to provide procedures and business rules for  
8 ordering and provisioning?
- 9 4. How does BellSouth plan to provide CLECs with information around  
10 cost/price?
- 11 5. Does BellSouth plan to provide a mechanized ordering option for  
12 CLECs? Will this interface require systems upgrades or systems work  
13 by CLECs? When does BellSouth plan to provide such information?
- 14 6. Will there be a manual ordering option for CLECs?
- 15 7. Will CLECs be able to order this functionality via a single LSR?
- 16 8. Will BellSouth require CLECs to install any special or additional  
17 collocation equipment?
- 18 9. If special equipment is required, will BellSouth offer the access to  
19 such equipment as an unbundled network element?

20 See Exhibit MDV-SR7. To date, BellSouth has not answered our questions nor  
21 referred us to the appropriate forum to place a "formal" request. The Commission  
22 should require that BellSouth answer these legitimate questions regarding a local  
23 service they are obligated to provide to avoid CLEC impairment, and to put in  
24 place an efficient electronic Operations Support System upgrades to allow the  
25 ordering and provisioning of this local service using the Local Service Request  
26 (LSR) process.

27 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

28 **A.** Yes, it does.



# **BellSouth Batch Options vs. AT&T Recommendation\***

(\*AT&T recommendation from pages 32-36 of direct testimony Mark Van de Water)

<b>AT&amp;T Recommendation</b>	<b>Ainsworth/Pate</b>	<b>McElroy</b>
Include IDLC	Yes	Yes
Include UNE-L line splitting	No	??
CLEC to CLEC	Yes Few details on process.	??
Operate in conjunction with acquisition process (UNE-P)	No-embedded base only	No-embedded base only
24 hour scheduling with no overtime costs	Includes Saturday and after hours (costs?)	??
CLEC specific batches	Yes	?
Window of time specific batches—all cuts to be started and completed within window	4 hour window for coordinated Same day for end-users "account" Unclear on same day for all (See*** below.)	No. Orders will be completed in negotiated period not expected to exceed 60 or 180 days.
Sufficiently scalable to meet mass market demands	No	No
Process available on an ongoing basis	No	No
Real time electronic notification of status including order completion, e.g. Verizon's WPTS with AT&T proposed enhancements	Web based communications system "Similar" to Verizon & SBC but for non-coordinated only. Not enough information to assess.  Web based scheduling tool similar to Verizon. (Not enough information to assess): (See*** below)	??
CLECs should not have to prescreen for batch eligibility	??	??
UNE-P rate until converted	Yes	UNE-L rate when service order created
ILEC should electronically notify when batch is ready	??	No

for scheduling		
Sufficient lead time to notify customers, etc--4 days from LSR submission	No/Reduced provisioning interval from 14 to 8 days	No/no customer specific due dates provided
Ability to make changes to orders with batch due date assigned	??	No
Equivalent OSS functionality to UNE-P --Pre-Order/Order --Flowthrough --One LSR --Directory Listings	No  (See***below)	BellSouth issues orders/no change from today.
Self executing process to immediately switch customers back if a cut fails (regardless of fault)	Unknown--simply refers to timely restoral/does not appear to support port in error. (See***below)	??
Low Cost	No. 10% discount	No. 15% to 25% discount.
Testing using collocation and sustained significant volume of ILEC customers	Inadequate testing	No testing
No negative impacts on processes and databases (part of test)	Not addressed	Not addressed
Trunking issues	Not addressed	Not addressed
Availability of copper/UDLC	Not addressed	Not addressed
CFA Inventories	Not addressed	Not addressed
Collocation issues	Not addressed	Not addressed
Exceptions to acquisition period	Not addressed	Not addressed
Double migration mitigation	Not addressed	Not addressed
Metrics	Not addressed	Not addressed
Meaningful SEEM	Not addressed	Not addressed
	Include DS0 EELs	

\*\*\*AT&T's Proposed Batch Hot Cut Process  
Descriptive Information

Includes all service configurations available for mass market customers, including

CLEC to CLEC  
IDLC  
Line-split service

The starting point for the batch is UNE-P (If CLECs are found not to be impaired in any market, UNE-P should be used as an acquisition tool)

ILEC will provide an electronic scheduling tool that advises, in increments of one hour, batch availability, e.g. 8-9 a.m. March 01, 2004-available.

Batches are CLEC specific. A batch should include a minimum of 20 lines per hour. Batches should be scheduled when NPAC is available for porting numbers. As the ILEC has no stated maximum volume, there are no other restrictions on batches within or among central offices.

To minimize the manual coordination between the ILEC and CLEC and improve response times, the batch process should include a new **system** to provide real-time electronic notification of the following work activities:

- CLEC to notify ILEC of batch, including requested due date obtained from scheduler, central office, CO and # of lines to be migrated.
- ILEC to confirm due date and provide batch ID within 1 day of receipt.
- ILEC will provide dial tone and ANI results. To facilitate CLEC tracking, these results will be provided in the order that the service orders will be worked.
- ILEC will provide jeopardies, e.g. facilities
- CLEC will indicate readiness for actual migration to occur 24 hours before due date and time (or no exception message is default concurrence).
- Frame technicians will input completion information as each cut is complete.
- CLEC will provide loop acceptance to ILEC

LSRs will be submitted by CLEC as they are today, with the addition of a batch ID code, and these orders should flow-through.

If an individual cut in a batch fails, and the number has not been ported, the ILEC should restore the service in one hour. For numbers that have been ported, the interval for restoring the customer's service should not exceed 4 hours.

If the batch process as ultimately recommended by PSC staff and approved by PSC does not have adequate measures, the FPSC should convene an industry workshop for the purpose of establishing measures.

Upon implementation of the measures, a third party test to determine if process can achieve performance standards.

AT&T recommends using ILEC retail customers in the test, using collocation equipment installed to operate as a pseudo-CLEC specifically for this test.

--3<sup>RD</sup> party vendor designed and monitored

--PSC oversight

--sustained daily volumes for 2 weeks

--using new performance standards

--Performance measures and testing should be successfully completed before CLECs are required to use the batch process.



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 030851-TP

In the Matter of

IMPLEMENTATION OF REQUIREMENTS  
ARISING FROM FEDERAL COMMUNICATIONS  
COMMISSION'S TRIENNIAL UNE REVIEW;  
LOCAL CIRCUIT SWITCHING FOR MASS  
MARKET CUSTOMERS.

---

TELEPHONE DEPOSITION OF: MILTON MCELROY, JR.

TAKEN AT THE INSTANCE OF: The Staff of the Florida  
Public Service Commission

DATE: Friday, February 6, 2004

TIME: Commenced at 2:34 p.m.  
Concluded at 3:53 p.m.

LOCATION: Gerald L. Gunter Bldg  
Room 309  
2540 Shumard Avenue  
Tallahassee, Florida

REPORTED BY: MARY ALLEN NEEL, RPR  
Notary Public, State  
of Florida at Large

ACCURATE STENOGRAPHY REPORTERS, INC.  
2894-A REMINGTON GREEN LANE  
TALLAHASSEE, FLORIDA 32308  
(850) 878-2221

Docket 29054 Phase II  
Surrebuttal Testimony of Mark Van de Water  
March 24, 2004  
Exhibit: MDV-SR 2

1       than are regularly assigned to that office?

2           A     And my answer is I do not know. I don't  
3       recall.

4           Q     Thank you. Do you know if during the day of  
5       the review of the wire work whether any non-hot cut work  
6       was being done in the CO that day?

7           A     I am not personally aware of any work that was  
8       going on, but I am sure work was going on on those days.  
9       In other words, I was not there witnessing them doing  
10      any other work, but I do know that those are live  
11      central offices, and we install and repair and remove  
12      wire work in those offices each and every day.

13          Q     And were there other technicians -- did you  
14      notice if there were other technicians doing that sort  
15      of work who were not involved in this PwC attestation  
16      review?

17          A     Yes, ma'am, I do know that there were other  
18      technicians in the office during the test that were not  
19      involved in the test at all, just working in the office.

20          Q     Okay. Thank you. You discussed earlier the  
21      three different hot cut processes, the individual hot  
22      cut process, the batch process in Mr. Ainsworth's  
23      testimony, and the mass migration process that is in  
24      your surrebuttal. Which of these processes is BellSouth  
25      suggesting that the Commission should adopt and

1       implement to satisfy the Triennial Review Order?

2       A     BellSouth offers now three hot cut options.  
3       Obviously, the individual hot cut option would not apply  
4       here. The batch migration process is the process that  
5       BellSouth is offering to migrate those customers in an  
6       efficient, effective manner from our switches to a  
7       competitor's switches.

8       Q     So the mass migration process is not what you  
9       are offering to satisfy the requirements of the  
10      Triennial Review Order?

11      A     I guess what I'm saying here is that the batch  
12      migration process is sufficient in and of itself. We  
13      are offering the mass migration process to that set of  
14      CLECs who wouldn't mind, in essence, as I've explained  
15      earlier, moving control of the conversion process over  
16      to BellSouth, and at the same time, they would be able  
17      to experience a little deeper discount on the  
18      nonrecurring charges.

19      Q     So do I understand you to be saying that in  
20      your view, either the batch migration process proposed  
21      by Mr. Ainsworth or the mass migration process proposed  
22      by you is sufficient to satisfy the Triennial Review  
23      Order?

24      A     I'm not an attorney, so I don't know that I can  
25      answer the question that you've asked. But I do know

1       that based on our testing, the batch migration process  
2       is sufficient to enable a CLEC to migrate their  
3       customers.

4           Q     So your testimony is that in your view, neither  
5       the process proposed in Mr. Ainsworth's surrebuttal nor  
6       the mass migration process you are proposing is  
7       necessary?

8           MS. FOSHEE: I'm going to object to that  
9       question. I don't think that's what he said at all.

10       BY MS. AZORSKY:

11       Q     Please correct me if I'm wrong, Mr. McElroy.

12       A     Could you -- I'm not following your question.  
13       Could you --

14       Q     All I'm trying to figure out is which process.  
15       The way I see it is that there are three processes that  
16       you've discussed. One is the original batch process  
17       that was discussed in Mr. Ainsworth's original  
18       testimony, the second is the revised batch process that  
19       is discussed in Mr. Ainsworth's surrebuttal testimony,  
20       and the third is the mass migration process that is  
21       discussed in your surrebuttal testimony. And what I'm  
22       trying to figure out is whether or not BellSouth is  
23       proposing one or more of those as the process the  
24       Commission should adopt to satisfy the Triennial Review  
25       Order.

1 MS. FOSHEE: And I'm going to object to that  
2 question on the grounds that it has been asked and  
3 answered, but you can go ahead and answer.

4 A Our batch migration process as explained by  
5 Mr. Ainsworth and as tested by PricewaterhouseCoopers is  
6 the batch process that we have in place today, and it is  
7 sufficient to move those customers over from the  
8 BellSouth switch to a CLEC switch.

9 Q Thank you, Mr. McElroy.

10 Is it your view that the mass migration process  
11 is more seamless than the batch process?

12 A Would you define what you mean by seamless for  
13 me, please?

14 Q As seamless is used in the Triennial Review  
15 Order, in your view.

16 A In my view, both processes are seamless, and  
17 both processes are effective. The difference in the two  
18 processes again goes back to which party controls that  
19 conversion process. If it's on the batch process as  
20 described by Mr. Ainsworth, then the CLEC is more in  
21 control, whereas if it's a mass migration process,  
22 BellSouth is controlling when those conversion  
23 activities are occurring.

24 Q In terms of the actual cutover, the  
25 provisioning of the loop to the CLEC, the mass migration



**REQUEST:** Referring to the Rebuttal Testimony of Milton McElroy, at pages 10 and 11, for each day and each central office where "test" cut-overs are described, please provide:

- (a) The date(s) pre-wiring was conducted for the cuts and how much of the pre-wiring was conducted on each date;
- (b) The number of technicians involved in the pre-wiring;
- (c) The number of technicians involved in the hot cuts; and
- (d) The number of technicians working in the central offices working simultaneously with the technicians performing the "test" pre-wiring and cuts.

**RESPONSE:** (a) Day 1 of Testing on December 2, 2003—West Hollywood Central Office  
(total of 125 Hot Cuts)  
11/28—50%, 11/29—50%

Day 2 of Testing on December 4, 2003—Arch Creek Central Office (total of 125 Hot Cuts)  
11/24—25%, 11/25—25%, 11/26—25%, 11/27—25%

Day 3 of Testing on December 5, 2003—Perrine Central Office (total of 125 Hot Cuts)  
12/1—12%, 12/2—24%, 12/3—24%, 12/4—40%

Day 4 of Testing on December 11, 2003—West Hollywood, Arch Creek and Perrine Central Offices (total of 383 Hot Cuts)  
West Hollywood: 12/3—50%, 12/4—30%, 12/5—20%  
Arch Creek: 12/4—33%, 12/5—33%, 12/8—33%  
Perrine: 12/7—15%, 12/8—30%, 12/9—30%, 12/10—25%





BellSouth Interconnection Services  
1960 West Exchange Place  
Suite 200  
Tucker, GA 30084

AT&T Regional Account Team  
770-492-7550  
Fax 770-492-8412

September 20, 2002

Ms. Denise Berger  
AT&T  
Room 12268  
1200 Peachtree St. NE  
Atlanta, GA 30309

Dear Denise:

This is in response to your letter of August 30, 2002, regarding AT&T's request that BellSouth adopt a new process for coordinated conversions (hot cuts) of unbundled loop service.

At the outset, your letter makes statements about the quality of BellSouth's current hot cut process performance that do not accurately reflect the level of service BellSouth provides to AT&T. BellSouth has consistently performed AT&T's hot cuts well within the established benchmark, usually 100% within 15 minutes of AT&T's requested start time. BellSouth strongly disagrees with the characterization of its current hot cut methods as "unreliable." I have attached a copy of AT&T's Local Services' Performance trend chart for On Time Installation for Hot Cuts, January through June 2002, which AT&T presented in the last monthly Executive meeting. This chart indicates that AT&T is receiving excellent service from BellSouth on its Unbundled Network Element (UNE) Loop Hot Cut conversions. Furthermore, let me remind you that the hot cut process in your Interconnection Agreement was negotiated by you personally for numerous months. BellSouth is implementing that process not only correctly, but also at extremely high service levels.

Regarding AT&T's request that BellSouth implement a bulk conversion process to migrate AT&T's end users served by Unbundled Network Element-Platform (UNE-P) to UNE Loop, as we have discussed, BellSouth is implementing a bulk conversion process as a result of AT&T's Change Request CR0215. The final user requirements were reviewed with the CLEC community on July 9, 2002. During our conversation, however, you indicated that the new process resulting from CR0215 would not meet the needs of the internal AT&T organization. Those needs apparently have prompted the request for a different new process as outlined in your August 30 letter.

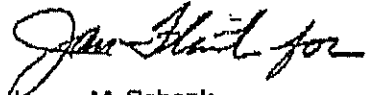
BellSouth believes that the conversion process currently in place, as a result of CR0215, will be a reliable, economical method to migrate "commercial volumes" of UNE-P customers to UNE Loops and will be mechanized for further convenience by year-end. Nevertheless, AT&T has the option of submitting another CR for the development of a second bulk hot cut process.

Possibly, a more fitting avenue for AT&T's request is BellSouth's New Business Request (NBR). If AT&T needs bulk conversions without individual Local Service Requests (LSR), after normal business hours, with project management and real-time coordination, as well as personnel available after hours to assist AT&T in resolving Connecting Facility Assignment (CFA) discrepancies and immediate service restoration when necessary, the NBR process will allow BellSouth to develop the necessary procedures and establish the market-based rates for the additional resources this proposal would require. Contrary to

AT&T's assertions that the process described will be less costly to BellSouth and, therefore, should result in lower rates for UNE Loops, it will instead add significantly to BellSouth's cost to serve. Those costs, appropriately, will be passed on to AT&T as the recipient of these services.

If we need to further discuss BellSouth's position on AT&T's request, I can be reached at 205 321-4700.

Sincerely,

A handwritten signature in cursive script, appearing to read "James M. Schenk".

James M. Schenk

Attachment

Copy to: Greg Terry



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 030851-TP

In the Matter of

IMPLEMENTATION OF REQUIREMENTS  
ARISING FROM FEDERAL COMMUNICATIONS  
COMMISSION'S TRIENNIAL UNE REVIEW:  
LOCAL CIRCUIT SWITCHING FOR MASS  
MARKET CUSTOMERS.

/

ELECTRONIC VERSIONS OF THIS TRANSCRIPT ARE  
A CONVENIENCE COPY ONLY AND ARE NOT  
THE OFFICIAL TRANSCRIPT OF THE HEARING,  
THE .PDF VERSION INCLUDES PREFILED TESTIMONY.

TELEPHONIC  
DEPOSITION OF: KENNETH L. AINSWORTH

TAKEN AT THE  
INSTANCE OF: The Staff of the Florida  
Public Service Commission

PLACE: Gerald L. Gunter Building  
Room 309  
2540 Shumard Oak Boulevard  
Tallahassee, Florida

TIME: Commenced at 2:15 p.m.  
Concluded at 7:35 p.m.

DATE: Monday, February 9, 2004

REPORTED BY: JANE FAUROT, RPR  
Chief, Office of Hearing Reporter Services  
FPSC Division of Commission Clerk and  
Administrative Services  
(850) 413-6732

1 Q Which is less than what is happening today with hot  
2 cuts?

3 A Which is less than what is happening in actuality  
4 today based on the loops that are being provisioned.

5 Q Okay. For the force model that you used to project  
6 LCSC and CWINS staffing, what level of manual handling on  
7 orders did you assume?

8 A It is built into the -- it is built into the formula.  
9 It actually counts -- it actually counts into the formulas. I  
10 think, for the UNE -- let me look.

11 We used a -- we used a flow-through rate for that  
12 calculation and built it in. There is a lot of -- in the  
13 formulas we are using, once we put the inventory numbers in,  
14 went through the process, we are looking at a flow-through  
15 percentage of about, for UNE loops, about 37 percent.

16 Q So you assumed that 37 percent of the orders would  
17 flow through?

18 A Yes, we did.

19 Q Okay.

20 A And then there are some other calculations in there,  
21 too, and I don't want to leave you thinking that is the only  
22 calculation. But that is one calculation where we built in  
23 those assumptions. So we are taking into consideration the  
24 flow-through rates, and what we are getting down to is the  
25 count of manual LSRs that would be handled in the LCSC, based

1 on our historical documentation.

2 Q So were there any other flow-through rate assumptions  
3 other than that 37 percent one?

4 A Not for the UNE, no, that was the one  
5 across-the-board that we are looking at on the flow-through  
6 model.

7 Q Do you have a different flow-through assumption for  
8 UNE loops than you have for UNE loops with LNP?

9 A I'm not looking at -- let me see. I am only looking  
10 at the UNE projections, Tami.

11 Q Okay. So is that with or without local number  
12 portability?

13 A No, that is the loops with the local number  
14 portability.

15 Q Okay. And that was the 37 percent number?

16 A Yes, it was.

17 Q Okay. The enhanced batch process that you discussed  
18 in your surrebuttal --

19 A Right.

20 Q -- when did BellSouth decide to enhance their  
21 process?

22 A You are asking me for a specific date, Tami?

23 Q Well, generally.

24 A I really can't give you a specific date. We assessed  
25 every one of the workshops that we went to. We put together a



**BST Line Sharing/Line Splitting Collaborative**  
**Conference Call Notes – December 11, 2003**

**ATTENDEES: Via Bridge**

BellSouth	AI-Call	Sunshine State Tel	Covad	AT&T	MCI	Webshoppe	Network Telephone
Debbie Timmons	Greg Davis	Andrea Loncaric	John Boshier	Jay Bradbury	Amanda Hill	Craig Uptagrafft	Kyle Kopytchak
Tommy Williams	Theresa Hall		Brian Foor	Becky Webber	Sam Tenerelli		
Diann Hammond	Melissa Davis						
Jimmy Patrick							
Vivian Smith							

**FROM:** Debbie Timmons, Project Manager – BellSouth Telecommunications, Inc.

**NOTES:**

**1. Welcome and Opening Remarks**

Debbie Timmons opened the meeting with roll call and agenda review.

**2. Review Process Flow: Facility Reservation Pair Change**

Debbie Timmons lead the review of the process flow for FRN Management Process. BellSouth has proposed and the Collaborative has accepted a process change whereby when a CLEC reserves a spare loop pair, should that loop prove not viable in the field, the I&M tech will work with AFIG & SAC to identify a viable loop pair, perform the cut & work the Shared Loop service order.

The FRN Management Process Flow will be presented for baseline at the next Collaborative meeting. Refer to the attached FRN Management Process document.

**3. Loop Characteristics for Shared Loops**

The update to the Proposed Standards and Procedures for Line Sharing/Splitting Loop Parameters submitted November 3<sup>rd</sup> by Greg Davis of AI-Call was reviewed. Greg Davis accepted the additional language provided by Gary Tennyson of Bellsouth and stated overall agreement with and acceptance of the document as presented.

John Boshier of Covad commented the document does not establish anything, especially since the ULM process language was removed and Covad continues to experience situations where certain Bridged Tap is detrimental to Covad's shared loop service. Debbie Timmons and Tommy Williams reviewed the history of this subject, specifically citing the need to have a specification for shared loops in the TR73600 document, that shared loop products make use of the stand-alone offering Loop Modification, and that the shared loop collaborative is not the appropriate forum to discuss the Loop Modification product as CLECs not represented in this forum use the Loop Modification process. too.

Kyle Kopytchak of Network Telephone stated disagreement with the position that the Shared Loop Collaborative is not the proper forum to discuss Loop Modification, citing discussions with Jerry Latham, product manager for Loop Modification, wherein it was stated that this collaborative is the appropriate forum. Tommy Williams noted the previous collaborative discussions where Loop Modification discussions were dropped from this collaborative. Refer to meeting minutes of 10/23/03, 10/30/03 and 11/13/03.

John Boshier of Covad stated changes to the Loop Modification product are underway and asked if the changes would apply to Shared Loops. Diann Hammond of BellSouth noted that Loop Modification is a stand-alone product that CLECs may choose to use in conjunction with not only Shared Loop products, but other UNE Loop products as well. Tommy Williams of BellSouth noted that any changes to the Loop Modification product would be announced via the Carrier Notification Process and that the Interconnection Standard is the vehicle that CLECs and BellSouth use to determine how we conduct business.

Kyle Kopytchak of Network Tel and John Boshier of Covad do not accept the Proposed Standards and Procedures for Line Sharing/Splitting Loop Parameters as presented. Greg Davis of AI-Call noted that one reason the Loop Modification information was removed from the proposed standards was because

## **BST Line Sharing/Line Splitting Collaborative**

### **Conference Call Notes – December 11, 2003**

the Shared Loop CLEC representatives could not reach agreement on Bridged Tap. CLECs agreed to review the revisions to the Loop Modification, particularly relative to bridged tap removal before they can agree to the Loop Characteristics for Shared Loops.

Refer to the attached Proposed Standards and Procedures for Line Sharing/Splitting Loop Parameters document

#### **4. Status on Bantam Test Jacks on BST Splitters**

Tommy Williams of BellSouth introduced discussion of eliminating the Bantam Test Jacks on BellSouth Splitters, noting that it has been BellSouth's desire to do so for some time as it is costly and most CLECs don't use it. He further commented that Al-Call does use the Bantam Test Jack, but that they had not used the MLT test capability of DLEC-TAFI. When this topic was last discussed, Greg Davis of Al-Call had agreed to assess the use of the MLT capability for Al-Call's environment. Greg reported that the MLT testing does not provide them with the same capability as the Bantam Test Jack, but on the other hand, he has no objection to removing it from the offering.

A vote was called on removing the Bantam Test Jack from the BST Splitter:

Yes – Greg Davis of Al-Call

Yes – John Boshler of Covad

Yes – Sam Tenerelli of MCI

Yes – Becky Webber of AT&T

Yes – Melissa Davis of Al-Call

Yes – Craig Uptagrafft of WebShoppe

Yes – Tommy Williams of BellSouth

Tommy Williams thanked the CLECs for their support and noted that the change would become part of the 2004 Shared Loop Work Plan.

#### **5. Sharing to Splitting UNEL Discussion**

During the previous Collaborative meeting, it was suggested that the Collaborative review the Line Splitting Scenario Matrix, suggesting that it may serve as a starting point to define the migration scenarios being sought by the CLECs. Debbie Timmons of BellSouth lead a review of the existing matrix. Tommy Williams of BellSouth stated it would be beneficial to know what scenarios are needed and the order of importance. [Readily identified as high importance were a) migrating existing UNE-P with line splitting to UNEL and retain DSL] and b) migrating line sharing to UNEL with CLEC port and retain DSL.

It was suggested to update the Line Splitting Scenario Matrix with columns to identify the voice port provider as ILEC or CLEC. Craig Uptagrafft also requested that Remote Site migrations be included. The updated matrix will be reviewed and the next Collaborative meeting.

Sam Tenerelli of MCI introduced discussion of the migration process for Batch Hot Cut to Line Splitting recently ordered by California where the voice port is provided by the CLEC known as Loop Splitting in BellSouth. He also noted the CLECs need an originating process to order new service to establish DSL on a UNE Loop with CLEC voice port, and asked if BellSouth has any plans to develop, and if this was the proper forum for discussion. Tommy Williams of BellSouth affirmed this as the proper forum and advised the CLECs of his recent escalation seeking to understand if the TRO requires the ILEC to make the cross-connect to the second collocation space, whether new or hot cut.

Sam also introduced discussion of when two CLECs combine within the same collocation site, how loop tagging and spectrum management would be addressed. These discussions will be included on the next agenda.

Refer to the attached Line Splitting Scenario Matrix

**BST Line Sharing/Line Splitting Collaborative**  
**Conference Call Notes – December 11, 2003**

**6. 2004 Meeting Schedule**

Debbie Timmons of BellSouth lead the discussion of the proposed 2004 meeting schedule. BellSouth is recommending the meeting move to one standing meeting day per month, while holding a second day in reserve to be used on an as needed basis. The collaborative agreed to hold the two meetings in January and to decide the matter of one or two meetings on a monthly basis.

Refer to the attached 2004 Meeting Schedule

**7. New Business/New Agenda Items/Wrap-up**

Tommy Williams requested 2004 Charter for the next agenda.

Brian Foor of Covad introduced new issues pertaining to Line Splitting provisioning and repairs. For provisioning, three items were noted: a) No response from LCSC and having to escalate too often, b) Due Dates being assigned incorrectly – getting due dates 1-5 days beyond the requested date, and c) the circuit ID is the telephone number. The issue with repair is that Covad is receiving push back from the Central Office and CWINS; there is a lack of knowledge of the process. This item will be monitored and status taken at the next the meeting.

□ **Agenda Items:**

- Review FRN Process Flows
- Loop Characteristics of Shared Loop
- Line Sharing to Line Splitting UNEL Discussion
- 2004 Charter
- Status Covad's Issues on Line Splitting Provisioning & Maintenance

□ **Attached Items:**

1. FRN Management Process Flow
2. Proposed Standards and Procedures for Line Sharing/Splitting Loop Parameters document
3. Line Splitting Scenario Matrix
4. 2004 Meeting Schedule

**Collaborative Website:**

[http://www.interconnection.bellsouth.com/markets/lec/line\\_sharing\\_collab/](http://www.interconnection.bellsouth.com/markets/lec/line_sharing_collab/)

□ **Next Meetings:** Bridge: 205-968-9300 Access: 643487 Password: 6714

Shared Loop Collaborative Conference Call – 1/15/2004, 1:30 EST

Shared Loop Collaborative Conference Call – 1/29/2004, 12:30 EST



**Norris, Sharon E - LGCRP**

---

**From:** Berger, Denise C - NKLAM  
**Sent:** Wednesday, July 30, 2003 2:11 PM  
**To:** Brewer, Lynne  
**Cc:** Schenk, James M; Butler, Amanda (BST); Tousek, Albert; Hyche, Keith  
**Subject:** RE: Loop Splitting Issues

July 30, 2003

L. Brewer  
BellSouth Interconnection Services

Lynne:

I understand from Keith Hyche's message below that you are leading BellSouth's efforts to develop and deploy BellSouth's loop splitting offer. This was subsequent from the issue being removed from discussions at the BellSouth/CLEC DSL Collaborative.

I would still like to understand BellSouth's positions on the following questions:

1. How does BellSouth plan to solicit and incorporate CLEC input into the development of this capability and the subsequent offering? In which CLEC forum will this be discussed?
2. What is the timeframe for delivery of this service?
3. How does BellSouth plan to provide procedures and business rules for ordering and provisioning?
4. How does BellSouth plan to provide CLECs with information around cost/price?
5. Does BellSouth plan to provide a mechanized ordering option for CLECs? Will this interface require systems upgrades or systems work by CLECs? When does BellSouth plan to provide such information?
6. Will there be a manual ordering option for CLECs?
7. Will CLECs be able to order this functionality via a single LSR?
8. Will BellSouth require CLECs to install any special or additional collocation equipment?
9. If special equipment is required, will BellSouth offer the access to such equipment as an unbundled network element?

Finally, I'd like to make sure that I am aligned with BellSouth in understanding to which FCC mandate this offer responds.

Thank you for the information. If you would like to discuss further, please call me at the number below.

Denise C. Berger  
Operations Assistant Vice President  
AT&T Local Services  
Telephone: 404/810-8644  
Facsimile: 281/664-3648  
E-Mail: deberger@att.com

-----Original Message-----

From: Hyche, Keith [mailto:Keith.Hyche@BellSouth.com]  
Sent: Tuesday, July 29, 2003 3:41 PM  
To: Berger, Denise C, CSLSM  
Cc: Schenk, James M; Hyche, Keith; Butler, Amanda (BST); Tousek, Albert; Brewer, Lynne  
Subject: RE: Loop Splitting Issues

Denise,

The following issue has been referred to the Collocation Development Team lead by Lynne Brewer not the Collocation User Group. I apologize for the misunderstanding. This will be mentioned Thursday, July 31st during the collaborative call lead by Al Tousek.

If you have questions about the development of this product you can contact Lynne Brewer at 404-927-7536.

Thank you!

Keith Hyché

-----Original Message-----

From: Berger, Denise C, CSLSM [mailto:deberger@att.com]  
Sent: Friday, July 25, 2003 2:08 PM  
To: BST-Amanda Butler (E-mail)  
Cc: BST-Jim Schenk (E-mail); BST-Keith Hyché (E-mail)  
Subject: Loop Splitting Issues

July 25, 2003

A. Butler  
BellSouth Interconnection Services

Amanda:

I spoke with Keith regarding this issue on Tuesday afternoon. However, I'm bringing it to your attention to assist Keith in obtaining a clear and quick understanding of BellSouth's intent relative to working loop splitting issues.

Included in the May 22, 2003, DSL collaborative meeting minutes is the following:

"1. Connecting Two Collocations Update

Lynne Brewer joined the call to discuss the latest developments regarding the connecting of two collocations. Lynne reported that BellSouth has initiated the development of a tariffed product whereby BellSouth will provide a service to the CLECs to connect two collocations located in the same CO through cross connects at the frame. The rate elements are presently under study. At this time no decisions have been made regarding what recurring and/or non-recurring charges may be applicable. The target availability date is Q403."

Further the meeting minutes from the June 26, 2003, collaborative state,

\* Collocation to Collocation CFA

This item will no longer be tracked in the shared loop team. This collaborative took the issue to the collocation development team, which is the responsible organization. The item is now being handled by the collocation development team and outside the control of the shared loop management team. It was suggested that those interested in following this item should join the collocation users group.

Although this is not meant to reflect harshly on Keith, but I was very confused after my discussion with him. Apparently, although the shared loop (or DSL collaborative) team believes that they have handed off the issue to the Collocation Users' group, your team is not aware of the hand-off. Somehow it fell in a black hole. Additionally, since the next Collocation Users' group meeting is not scheduled until October 14, 2003, I'm perplexed at how CLECs can participate in the development of this capability. I have numerous questions regarding BellSouth's plans.

- \* How does BellSouth plan to solicit and incorporate CLEC input into the development of this capability and the subsequent offering?
- \* How does BellSouth plan to provide procedures and business rules for ordering and provisioning?
- \* How does BellSouth plan to provide CLECs with information around cost/price?
- \* Does BellSouth plan to provide a mechanized ordering option for CLECs? Will this interface require systems upgrades or systems work by CLECs? When does BellSouth plan to provide such information?
- \* Will there be a manual ordering option for CLECs?
- \* Will CLECs be able to order this functionality via a single LSR?
- \* Will BellSouth require CLECs to install any special or additional collocation equipment?

Additionally, Keith indicated in our conversation on Tuesday that BellSouth was working to provide this capability in response to an FCC mandate. Can you share which FCC mandate that BellSouth is addressing?

Please let me know if you have additional questions.

Denise C. Berger  
 Operations Assistant Vice President  
 AT&T Local Services  
 Telephone: 404/810-8644  
 Facsimile: 281/664-3648  
 E-Mail: deberger@att.com

\*\*\*\*\*

"The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential, proprietary, and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from all computers."



# **FAX COVER**

**3 Pages (Including Cover)**

**DATE:** January 16, 2004

**TO:** Ms. Denise Berger  
Operations Assistant Vice President  
AT&T Local Services  
Phone No.: (770) 621-9136  
Fax No.: (281) 664-3648

**FROM:** Lynne G. Brewer  
Sr. Product Manager – Collocation  
BellSouth Telecommunications, Inc.  
Phone No.: (404) 927-7536  
Fax No.: (404) 529-7074

**RE:** Letter re: Availability of Collo Cross-Connects

**Comments:** Denise,

As you requested, attached is a copy of the original letter I sent to you in regard to the availability of cross-connects between AT&T's collocation space and the collocation space of another carrier in the same central office. As I indicated in my email earlier this week, the original letter was mailed to you on December 19, 2003, but it was returned by the post office as being "undeliverable as addressed." In addition to this faxed copy, I will send you the original letter at the new address you included in your email. Again, I apologize for any inconvenience this may have caused you. Please contact me if you have any questions.

Thank you.

Lynne Brewer

**BellSouth Interconnection Services**  
876 West Peachtree Street  
Atlanta, Georgia 30376

December 19, 2003

Ms. Denise C Berger  
Operations Assistant Vice President  
AT&T Local Services  
1200 Peachtree Street, NE  
Atlanta, GA 30309

Dear Ms. Berger:

This is in response to your e-mail dated July 30, 2003, concerning what you referred to as BellSouth's loop splitting offer. Based on discussions in several BellSouth/CLEC DSL Collaborative meetings subsequent to your e-mail, BellSouth understands that the issue is the availability of cross-connects between AT&T's collocation space and the collocation space of another carrier. Although this issue was originally brought to the BellSouth/CLEC DSL Collaborative, it is a product development issue that has been addressed by the BellSouth Collocation Product Team.

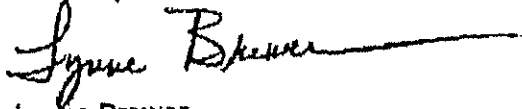
As you may already be aware, BellSouth currently allows two collocated CLECs to place co-carrier cross connects between their collocation arrangements located in the same Central Office. This offering has been available for some time and utilizes CLEC-provisioned cable placed by the CLEC's BellSouth Certified Supplier via BellSouth's cable racking assembly, if the two arrangements are not contiguous. This co-carrier cross connect offering is made available by BellSouth pursuant to the applicable language that must be included in the ordering CLEC's Interconnection Agreement. This language must also be included in the Interconnection Agreement of the other CLEC to which the co-carrier cross connect is being placed. In addition, a Letter of Authorization (LOA) is required from the other CLEC.

A similar offering called a Direct Connect is also available. This offering permits a CLEC with multiple collocation arrangements in the same Central Office to interconnect those arrangements with each other, again utilizing CLEC-provisioned cable and BellSouth's cable racking assembly.

In addition, AT&T may request a co-carrier cross connect interstate service pursuant to Section 201 of the Communications Act. Although the FCC has yet to establish a deadline for BellSouth to offer this service pursuant to tariff, BellSouth will make this service available through its Tariff FCC No. 1 in early January 2004. In this tariff filing, BellSouth will use the name "Intra-Office Cross Connects" to distinguish this interstate service from the offering available under its Interconnection Agreements described above. This will be a service provisioned by BellSouth using CLEC-provided Connecting Facility Assignment (CFA) appearances on BellSouth's frames or panels. A complete description of the service, including the rates, terms and conditions, will be included in the tariff.

I believe the questions listed in your original e-mail will be answered in the tariff filing described above, but if not, please call me at 404-927-7536 or Lue Elder at 404-927-7568.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynne Brewer", followed by a long horizontal flourish.

Lynne Brewer  
Sr. Product Manager – Collocation  
ICS - Marketing

# AFFIDAVIT

STATE OF ARIZONA

COUNTY OF MARICOPA

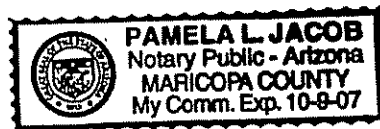
BEFORE, ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Mark Van de Water, who being by me first duly sworn, deposed and said that:

He is appearing as a witness before the Alabama Public Service Commission in Docket. No. 29054 Phase II on behalf of AT&T Communications of South Central States, LLC., and if present before the Commission and duly sworn, his surrebuttal testimony would be set forth in the annexed testimony consisting of 22 pages and 8 exhibit (s).

  
Mark Van de Water

SWORN TO AND  
SUBSCRIBED BEFORE ME  
THIS 23<sup>rd</sup> DAY  
OF March, 2004.

  
NOTARY PUBLIC



My Commission expires: 10-9-07

In Re: )  
 )  
IMPLEMENTATION OF THE FEDERAL ) DOCKET 29054  
COMMUNICATIONS COMMISSION'S )  
TRIENNIAL REVIEW ORDER (PHASE II - ) Filed: March 24, 2004  
LOCAL SWITCHING FOR MASS MARKET )  
CUSTOMERS) )  
 )

1    **Q.    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2    A.    My name is Don J. Wood. My business address is 30000 Mill Creek Avenue, Suite  
3           395, Alpharetta, Georgia, 30022.

4    **Q.    ARE YOU THE SAME DON J. WOOD WHO PREFILED DIRECT AND**  
5           **REBUTTAL TESTIMONY ON BEHALF OF AT&T IN THIS PROCEEDING?**

6    A.    Yes.

7    **Q.    WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

8    A.    The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of  
9           BellSouth witness Debra Aron.

10           In her rebuttal testimony, Dr. Aron engages primarily in a strategy of  
11           mischaracterizing my testimony and that of Dr. Bryant, Mr. Turner, and Mr. Gillan,  
12           grossly oversimplifying the issues before the Commission, and responding with  
13           “facts” that are based on flawed research and that are simply incorrect.<sup>1</sup>

14   **Q.    AT PAGE 36 OF HER REBUTTAL TESTIMONY, DR. ARON STATES THAT**  
15           **HER “INTERPRETATION” OF YOUR TESTIMONY IS THAT YOU ARE**  
16           **URGING THIS COMMISSION TO DISREGARD PORTIONS OF THE TRO.**  
17           **IS HER “INTERPRETATION” ACCURATE?**

18   A.    Not at all. Specifically, Dr. Aron asserts that “Mr. Wood urges the APSC to simply  
19           disregard the potential deployment component of the FCC’s impairment methodology  
20           as part of its determination [of impairment] ... on the grounds that he already knows  
21           what the answer should be.” Even a cursory examination of my direct testimony will  
22           reveal that I am in no way suggesting that the APSC ignore any part of the TRO. To  
23           the contrary, I am suggesting a more comprehensive consideration than proposed by  
24           Dr. Aron. While she urges the Commission to consider a “potential deployment”

1 analysis in a vacuum, I am recommending that the Commission consider such an  
2 analysis as one of an interrelated series of tests. For example, in my direct testimony  
3 I asked the APSC to consider the following:

- 4 1. Based on an extensive record, the FCC found “on a national level that requesting  
5 carriers are impaired without access to unbundled local circuit switching when  
6 serving mass market customers.” (¶419) Impairment is assumed to exist unless  
7 and until specific, concrete evidence to the contrary is presented.
- 8 2. Any analysis of *potential* entry via self-provisioned local switching is considered  
9 only after the APSC has concluded, pursuant to a sufficiently granular analysis,  
10 that *actual* entry has not occurred to any significant degree in the identified  
11 markets. This absence of *actual* deployment reveals, at a level of significance  
12 that could never be attained by any attempted “potential entry” analysis, the  
13 market realities that exist today. Experience indicates that CLECs have either  
14 been unable to economically justify the deployment of the own local circuit  
15 switching equipment to serve mass market customers, confirming the observed  
16 absence of actual entry in this manner.
- 17 3. Any potential entry analysis must consider both operational and economic factors  
18 in concert. The existence of operational impairment cannot be overcome by the  
19 absence of economic impairment, or *vice versa*.

20  
21 Dr. Aron argues (p. 36) that I am urging this Commission to disregard any  
22 “potential entry” demonstration because I already know what the answer should be.  
23 To the contrary, I am urging the APSC – based on its knowledge of Alabama markets  
24 for mass market services and experience with competitive entry into those markets –  
25 to consider any “potential entry” claims within the context of what *it* knows the  
26 answer will likely be.

27 **Q. DR. ARON (PP. 37-38) STATES THAT THE FCC’S TRIGGER TESTS ARE**  
28 **ASYMMETRIC. IS SHE RIGHT?**

29 **A.** No. Dr. Aron argues that “the FCC’s trigger’s tests are asymmetric tests of  
30 impairment: satisfying the triggers demonstrates lack of impairment, but failing them

---

<sup>1</sup> As I will explain in more detail below, a demonstration of the significance of these assumptions can be made

1 does not demonstrate impairment.” Her conclusion appears to be based at least in  
2 part on her flawed conclusion that “passing a triggers test clearly indicates that there  
3 is no impairment.” This, of course, is not what the FCC concluded.

4 In reality, the FCC explicitly recognized the possibility for exceptions to the  
5 results of a triggers analysis, and did so symmetrically. First, as Dr. Aron explains, if  
6 the results of a triggers analysis indicate a finding of impairment, the Commission  
7 will then proceed to a “potential deployment” analysis in order to determine if some  
8 set of factors exists for that market that – in spite of the lack of *actual* deployment –  
9 nevertheless indicate that the potential exists for such deployment. Second, as Dr.  
10 Aron fails to mention, if the results of a triggers analysis indicate a finding of non-  
11 impairment, the APSC may then proceed to an “exceptional barrier” analysis in order  
12 to determine if some set of factors exists for that market that would prevent further  
13 deployment: “we recognize that there may be some markets where three or more  
14 carriers are serving mass market customers with self-provisioned switches, but where  
15 some significant barrier to entry exists such that additional carriers with self-  
16 provisioned switches are foreclosed from serving mass market customers ... Where  
17 the self-provisioning trigger has been satisfied and the state commission identifies an  
18 exceptional barrier to entry that prevents further entry, the state commission may  
19 petition the [FCC] for a waiver of the application of the trigger, to last until the  
20 impairment to deployment identified by the state no longer exists.” (§462).

21 **Q. DR. ARON ALSO REFERS TO AN “ASYMMETRY” IN THE**  
22 **“OBSERVABILITY OF OUTCOMES.” DO YOU AGREE WITH HER**  
23 **CONCLUSIONS?**

---

using BellSouth-provided information and the BACE model

1     A.     Specifically, Dr. Aron argues (p. 3) that “if the Alabama Public Service Commission  
2             ... errs in finding impairment where none exists, the social costs are extremely  
3             difficult to measure,” but such difficulty does not make these costs “any less real or  
4             any less significant.” In other words, reaching an erroneous conclusion of  
5             impairment will, according to Dr. Aron, result in social costs that are significant  
6             though not readily apparent.

7             In contrast, she argues, “If the APSC errs in finding no impairment where  
8             impairment exists,” the social cost is low (“merely” the forgone entry of carriers who  
9             would rely on the network of the incumbent) but visible. In other words, reaching an  
10            erroneous conclusion of non-impairment will, according to Dr. Aron, result in social  
11            costs that are apparent but not significant.

12           Based on her conclusions about social costs, Dr. Aron argues that the  
13           Commission should err on the side of a finding of non-impairment (colloquially, she  
14           recommends a rule of “when in doubt, throw them out”). Her conclusions, however,  
15           rely on the accuracy of her fundamental assumption that if local circuit switching is  
16           not available as a UNE,<sup>2</sup> CLECs will invest in their own local circuit switching  
17           equipment to serve mass market customers. As I explain below, this assumption has  
18           no empirical foundation and is based on confusion regarding cause and effect. The  
19           point here is that Dr. Aron goes on to reach some dangerous conclusions based on this  
20           very shaky foundation.

21           At p. 4 she suggests that with “*true* competition” (i.e. competitive entry only  
22           in the form of self-deployed equipment and facilities, including local circuit

1 switches), the need for administrative oversight and regulation of BellSouth are  
2 reduced. Her flawed logical sequence can be summarized as follows: (1) Elimination  
3 of UNE local switching and UNE-P provides missing “incentives” for CLECs to  
4 invest in their own equipment, (2) in response to these incentives, CLECs make these  
5 investments and are able to compete with BellSouth on this basis, (3) the resulting  
6 competitive market forces can act as a substitute for regulation in order to protect  
7 consumers. If Dr. Aron’s fundamental premise – that it is economically rational for  
8 CLECs to invest in their own local circuit switching equipment to serve mass market  
9 customers - is wrong, a more logical sequence is the following: (1) Elimination of  
10 UNE local switching and UNE-P eliminates the ability of CLECs to economically  
11 serve mass market customers, (2) in response, CLECs must discontinue their  
12 offerings to mass market customers in most or all geographic markets, and (3) with  
13 no regulation and no competitive market forces to act as a constraint, BellSouth  
14 operates as an unregulated monopoly. Dr. Aron completely ignores the social costs  
15 of an unregulated monopoly in her analysis, though such an outcome is clearly not  
16 good for consumers.

17 **Q. YOU STATED THAT DR. ARON’S FUNDAMENTAL PREMISE THAT IT IS**  
18 **ECONOMICALLY RATIONAL FOR CLECS TO INVEST IN THEIR OWN**  
19 **LOCAL CIRCUIT SWITCHING EQUIPMENT TO SERVE MASS MARKET**  
20 **CUSTOMERS IS WRONG. PLEASE EXPLAIN.**

21 **A.** Dr. Aron refers (p. 6) to a situation in which “a CLEC would rather exit the market  
22 than pursue the UNE-L opportunity,” suggesting that whenever a CLEC does not use  
23 its own local circuit switching equipment to serve mass market customers, it has

---

<sup>2</sup> And, by extension, if UNE-P is not available.

1 simply chosen not to do so. Such as statement is not only flawed and unsupported, it  
2 is naive.

3 Dr. Aron's reasoning is flawed in several areas. Any meaningful analysis of  
4 why CLECs in most instances rely upon ILEC-provided local circuit switching to  
5 serve the mass market must consider the following three points:

6 **1. CLECs have a number of incentives to pursue a UNE-L strategy, and**  
7 **these incentives have been present since 1996.** As Chairman Powell observed in  
8 language cited by Dr. Aron (p. 5), CLECs have an incentive to invest in their own  
9 facilities in order to offer differentiated services, control their costs, become less  
10 dependent on the incumbent (a competitor), and offer redundancy of networks. These  
11 incentives exist today; they are not simply created if UNE local switching is  
12 unavailable. The relevant question, ignored by Dr. Aron, is "In response to these  
13 incentives, what have CLECs done in order to offer services to mass market  
14 customers, particularly when UNE local switching or UNE-P has not been available?"

15 **2. In the absence of access to UNE-P, CLECs have not deployed their own**  
16 **local circuit switching equipment to serve mass market customers.** Dr. Aron  
17 takes issue (p. 39) with my recommendation that the Commission consider important  
18 historic evidence regarding impairment, or what she refers to as "a retrospective  
19 review of CLEC successes and failures *in a world of ubiquitous UNE-P availability*"  
20 (emphasis added). I don't know where Dr. Aron has been for the past eight years, but  
21 her fantasy "world of ubiquitous UNE-P availability" certainly didn't exist in the  
22 BellSouth region. In reality, BellSouth refused to make UNE-P operationally  
23 available until at least the conclusion of AT&T's arbitration with BellSouth in 2000.

1           As a result, there are two factually distinct time periods that can be examined.  
2           The first, from 1996 until 2000, consists of a period of time in which CLECs had the  
3           *incentive* to invest in their own facilities in order to offer differentiated services,  
4           control their costs, become less dependent on the incumbent, and offer redundancy of  
5           networks; and did not have access to UNE-P. The second, from 2000 until the  
6           present, consists of a period of time in which CLECs had the same incentives, but  
7           during which UNE-P was available. Comparing the actions of CLECs during these  
8           two time periods can in fact represent a meaningful indicator of impairment.

9           In reality, during a time in which CLECs had incentives to deploy their own  
10          switching facilities – but during which the “corrupting influence” of UNE-P did not  
11          exist – CLECs did not invest in local circuit switching equipment in order to offer  
12          mass market services. The presence of these two distinct time periods allows us to  
13          control for the key variable identified by Dr. Aron (UNE-P availability) and  
14          determine if the observable results change in the two scenarios. They don’t.  
15          Whatever factor is preventing CLECs from making this investment, it isn’t the  
16          availability of UNE-P: something else (the absence of an economically rational basis  
17          for doing so, perhaps) must have prevented CLEC investments in local circuit  
18          switching to serve mass market customers during the time in which UNE-P was not  
19          available.

20                 **3. CLECs have the necessary expertise to deploy the necessary network**  
21          **facilities.** Dr. Aron speculates (p. 7) that perhaps the reason that CLECs are not (and  
22          have not) deployed local circuit switching facilities to serve mass market customers is  
23          because these carriers lack the necessary “expertise with the deployment of actual

1 telephone network facilities.” Not only is Dr. Aron’s statement completely  
2 unfounded, it ignores a wealth of available evidence to the contrary. Dr. Aron cannot  
3 seriously be arguing that AT&T has no experience or expertise with the deployment  
4 of actual network facilities. Other CLECs attempting to provide services to mass  
5 market customers in Alabama have similar experience and expertise. Dr. Aron also  
6 ignores the fact that in many cases CLECs are now relying on the expertise of  
7 individuals who were previously employed – and whose expertise was relied upon –  
8 by BellSouth. There is absolutely no factual foundation for a conclusion that CLECs  
9 have not self-deployed these facilities because they lack the necessary expertise.

10 **Q. AFTER A CONSIDERATION OF ALL OF THESE FACTORS, WHAT IS**  
11 **THE MOST LIKELY REASON THAT CLECS HAVE NOT SELF-**  
12 **DEPLOYED LOCAL CIRCUIT SWITCHING TO SERVE MASS MARKET**  
13 **CUSTOMERS?**

14 **A.** A review of the factors described by Dr. Aron suggests that CLECs have not made  
15 these investments because it is not economically rational for them to do so. Results  
16 obtained from BellSouth’s BACE model, described in detail later in my testimony,  
17 also support such a conclusion.

18 **Q. DR. ARON ARGUES THAT THE EXISTENCE OF UNE-P IMPACTS THE**  
19 **VIABILITY OF UNE-L. DO YOU AGREE?**

20 **A.** Not at all. Dr. Aron states (p. 37) that there is “no doubt” that the existence of UNE-  
21 P affects the “*viability* of pursuing a UNE-L strategy.” This is a frankly bizarre  
22 notion for which Dr. Aron offers no support. The *viability* of UNE-L depends on the  
23 characteristics of the market in question, the revenue opportunities that can  
24 reasonably be expected to exist in that market, and the cost (including investment in  
25 local circuit switching) required to provide the necessary services. As I describe in  
26 my rebuttal testimony, a meaningful business case analysis can be performed if (but

1           only if) all variables are properly established and considered, but “availability of  
2           UNE-P” is not one of those variables. It is perhaps telling that the “availability of  
3           UNE-P” is not a variable considered by the BACE, which Dr. Aron endorses as an  
4           appropriate analysis.

5           In reality, CLECs have considered the viability of UNE-L as a means of  
6           serving mass market customers, and will probably continue to do so. While the  
7           availability of UNE-P may make it possible to serve mass market customers in  
8           geographic markets where UNE-L is not viable, UNE-P availability has no impact  
9           whatsoever on whether a business case can be made for UNE-L.

10       **Q.   DR. ARON ARGUES THAT CLECS GAIN FROM THEIR RELIANCE ON**  
11       **THE INCUMBENT. DO YOU AGREE?**

12       A.   No. Such a conclusion is nonsensical for two reasons. First, it is directly at odds with  
13           the language attributed by Dr. Aron to Chairman Powell, in which he explains that  
14           CLECs have a number of incentives to invest in their own facilities in order to  
15           minimize reliance on the ILEC, including “to offer differentiated services, control  
16           their costs, become less dependent on the incumbent [a competitor], and offer  
17           redundancy of networks.”

18           Second, Dr. Aron (pp. 6-7) explains that a CLEC can utilize UNE-P in order  
19           to avoid making the investment necessary for self-deployment. While she makes  
20           every effort to tread carefully, she gets dangerously close to the right answer: CLECs  
21           rely on UNE-P because a business case that considers all relevant variables cannot be  
22           made for the higher risk entry strategy of self-deployment of local circuit switching  
23           and UNE-L to serve the mass market. As I explained in my rebuttal testimony, much  
24           of the financial risk in self-deployment is created by the fact that the CLEC begins

1 with higher unit costs than BellSouth due to both a lower market share and backhaul  
2 requirements. In this respect, BellSouth's "first in" advantage in significant and  
3 potentially insurmountable. The FCC's TELRIC methodology puts ILECs and  
4 CLECs on a more equal footing by neutralizing – to some degree – this "first in"  
5 advantage in the pricing of UNEs by equalizing the component of each carrier's cost  
6 associated with this investment risk.

7 As I described in my rebuttal testimony, a fundamental problem with  
8 BellSouth's "potential deployment" analysis is that while Dr. Aron is arguing that  
9 CLEC's utilize UNE-P in order to reduce their risk to serve mass market customers,  
10 Dr. Billingsley is simultaneously arguing that CLECs investing in their own local  
11 circuit switches will experience significantly *less* risk than these same carriers have  
12 experienced when using UNE-P.<sup>3</sup> This inconsistency must be resolved in favor of Dr.  
13 Aron. Dr. Billingsley's assumption that CLECs will incur less risk and a lower cost  
14 of capital when making the substantial investments necessary to self-deploy local  
15 circuit switching (and his assumption that the necessary capital will be available at  
16 any price) is absurd on its face. While she subsequently reaches the wrong  
17 conclusions, Dr. Aron gets closer to the truth: because of the inherently higher risk, a  
18 business case analysis cannot support self-deployment of local circuit switching by  
19 CLECs to serve mass market customers. A business case can be made, for some  
20 geographic markets, to provide such services by utilizing UNE-P.

21 **Q. DR. ARON CITES TO A CORRELATION BETWEEN THE AVAILABILITY**  
22 **OF UNE-P AND THE FAILURE OF CLECS TO SELF-DEPLOY LOCAL**

---

<sup>3</sup> This assumption causes Dr. Billingsley to significantly understate the relevant cost of capital for CLECs, and subsequently causes BellSouth to utilize a discount rate in the BACE that is much too low to reflect the risks associated with the investments that it analyzes.

1       **CIRCUIT SWITCHING TO SERVE MASS MARKET CUSTOMERS AS A**  
2       **RATIONALE FOR ELIMINATING UNE-P. DO YOU AGREE?**

3       A.   Not at all. Dr. Aron (pp. 38-39) falls victim to a basic logical fallacy. Dr. Aron may  
4       be correct that when she notes that there is a correlation between the availability of  
5       UNE-P and the failure of competitors to utilize their own switching capacity. But as  
6       Dr. Aron certainly ought to be aware,<sup>4</sup> the existence of even a high degree of  
7       correlation does not imply causation (and certainly does not suggest that causation  
8       applies equally in both directions). It is equally correct to note that there is a  
9       correlation between people who fall down a lot and people who don't tie their shoes.  
10      The existence of this correlation in no way demonstrates that people *decide* not to tie  
11      their shoes *because* they fall down a lot. In the same way, a correlation between  
12      UNE-P and CLECs that do not self-deploy local circuit switching in no way  
13      demonstrates – or even suggests – that CLECs decide not to self-deploy *because*  
14      UNE-P is available. To the contrary, such a correlation could – and almost certainly  
15      does – underscore the importance of UNE-P by noting that CLECs use UNE-P where  
16      self-deployment of local circuit switching to serve mass market customers is not  
17      economically rational.

18      **Q.   DR. ARON SUGGESTS (P. 6) THAT THE ELIMINATION OF UNE-P IS OF**  
19      **LITTLE CONSEQUENCE, BECAUSE LOCAL CIRCUIT SWITCHING MAY**  
20      **CONTINUE TO BE AVAILABLE AT “MARKET” PRICES. DO YOU**  
21      **AGREE?**

22      A.   No. As an initial matter, “may be available” is not the same as “will be available.”  
23      The Commission should consider this key distinction before eliminating the  
24      mechanism that makes competitive alternatives available to many mass market

---

<sup>4</sup> Anyone who can use phrases like “accommodate heterogeneity in costs” – even if they are wrong when they use it – can be expected to have a rudimentary understanding of statistics.

1 customers in Alabama. It is equally important to consider the characteristics of the  
2 “market” for local circuit switching and UNE-P. If the triggers analysis indicates that  
3 wholesale alternatives are not available (BellSouth makes no such claim that  
4 wholesale alternatives exist), BellSouth represents the sole provider of this  
5 functionality. Competitive market forces cannot constrain prices if only one provider  
6 exists. Finally, Dr. Aron does not suggest that local circuit switching, combined with  
7 access to voice grade local loops as a UNE-P offering, “may” be made available (if  
8 history is any guide, it won’t be).

9 **Q. YOU STATED THAT IT IS IMPORTANT FOR THE APSC TO CONSIDER**  
10 **THE FACT THAT BELL SOUTH WOULD BE THE SOLE PROVIDER OF**  
11 **THIS FUNCTIONALITY IN DR. ARON’S “MARKET.” DO YOU HAVE**  
12 **ANY EXPERIENCE THAT SUGGESTS A LIKELY PRICE LEVEL?**

13 A. Yes. In a recent arbitration with ITC^DeltaCom, BellSouth proposed rates for local  
14 switching elements that would apply if the Commission reaches a finding of non-  
15 impairment. These rates were similar to the “market” rates identified by FCCA  
16 witness Gillan in his rebuttal testimony. As Mr. Gillan explains, BellSouth’s idea of  
17 a “market rate” is several hundred percent above the existing UNE rate. BellSouth  
18 also publishes its idea of “market based rates” on its interconnection website. The  
19 section of the *BellSouth/CLEC Agreement* containing *Market Based Rates* current  
20 posted shows a proposed rate for a switch line port of \$14 per month. The current  
21 UNE rate is \$1.40, one-tenth of the proposed “market” level.

22 **Q. DR. ARON ALSO PRESENTS REBUTTAL TESTIMONY IN SUPPORT OF**  
23 **THE INPUTS TO BELL SOUTH’S BACE MODEL. DO YOU AGREE WITH**  
24 **HER REASONING?**

25 A. No. I disagree with Dr. Aron’s assumptions that existing retail prices will remain  
26 unchanged for ten years, that BellSouth has considered revenues at a sufficient level

1 of granularity, and that it is reasonable to expect that all CLECs offering mass market  
2 services will capture 15% of the relevant geographic market (particularly if  
3 BellSouth's win-back efforts are considered).

4 **Q. PLEASE EXPLAIN WHY YOU DISAGREE WITH DR. ARON'S**  
5 **ASSUMPTION THAT EXISTING RETAIL PRICES WILL REMAIN**  
6 **UNCHANGED FOR TEN YEARS.**

7 A. At p. 15, Dr. Aron argues that "the main deficiency (of an assumption of future price  
8 reductions) is that it violates the requirements of the FCC's potential deployment  
9 analysis. The FCC requires that states evaluate potential deployment business cases  
10 *using the existing level of prices and revenues.*" As she is wont to do, Dr. Aron is  
11 taking one sentence from the TRO and failing to consider its interrelationship with  
12 other FCC requirements.

13 When conducting a business case analysis, it is important to consider the  
14 likely level of revenues and costs over the time horizon of the analysis. In a short run  
15 analysis, it may be appropriate to consider the current level of prices to be fixed. If  
16 the analysis encompasses a longer period of time (such as the BACE's immutable ten  
17 year assumption), it is necessary to consider the potential for changes in the level of  
18 revenues and costs over time. This uncertainty increases as more distant time periods  
19 are considered, thereby increasing the risk associated with these more distant  
20 expected cash flows. The consideration of projected revenues and costs – and the  
21 uncertainty associated with those expectations – is fully consistent with the FCC's  
22 conclusion (§517) that when "judging whether entry is economic," states must  
23 consider how "competitive risks affect the likelihood of entry."

1           BellSouth has juxtaposed assumptions of fixed price levels, a ten year time  
2 horizon, and a discount rate based on a *lower* level of risk than CLEC's currently  
3 face. If Dr. Aron were correct that it is reasonable to consider fixed prices (and  
4 therefore to assume no uncertainty and no risk associated with that uncertainty), it  
5 would not be necessary to conduct an NPV analysis at all; the expected value would  
6 simply be the sum of future net cash flows (with no discount rate applied).

7   **Q. DR. ARON HAS ARGUED IN FAVOR OF GRANULAR ASSUMPTIONS**  
8   **REGARDING COSTS AND REVENUES. DOES THE BACE OPERATE IN**  
9   **THIS MANNER?**

10   **A.** No. In other states Dr. Aron has referred to "the requirement that the (potential  
11 deployment) analysis be sufficiently granular to take into account the state of  
12 impairment in a particular market," and specifically cites to the FCC's conclusion (§  
13 485) that an appropriate analysis must consider "the significant variation in the costs  
14 and revenues an efficient entrant is likely to face."<sup>5</sup> Oddly enough, after  
15 acknowledging the FCC's requirement in the TRO for such granularity, Dr. Aron has  
16 removed this statement from her testimony. While this revision makes her testimony  
17 consistent with the BACE – neither considers revenues and costs at the necessary  
18 level of granularity - both the BACE and now Dr. Aron's testimony are *inconsistent*  
19 with the clear requirements of the TRO that an analysis consider "significant variation  
20 in the costs and revenue" of an entrant.

21           As I described in detail in my rebuttal testimony, the BACE does not (and  
22 based on its construction, cannot) do this. BellSouth's existing retail prices for mass  
23 market customers are characterized by areas of high rates and low costs, exactly the

1 kind of relationship that the FCC found to be unsustainable. BellSouth's prices and  
2 reported costs vary at the wire center level. The price assumptions in the BACE,  
3 however, cannot be changed at this level of granularity. Dr. Aron's previous  
4 assertion has been that it is necessary to reflect the unique characteristics of a state's  
5 customer base. While this is an accurate description of what a business case model  
6 *should* do, it is inaccurate with regards to what the BACE *can* do.

7 **Q. DR. ARON MAKES SEVERAL CLAIMS ABOUT HOW THE BACE MODEL**  
8 **TREATS CLEC MARKET SHARE OVER TIME. DO YOU AGREE WITH**  
9 **HER TESTIMONY?**

10 A. No. I disagree with Dr. Aron's market share assumptions in three areas. First, her  
11 claims regarding how the BACE treats CLEC market shares is simply factually  
12 incorrect. Second, the assumptions and model inputs that she supports fail to reflect  
13 important information.

14 In both her direct and rebuttal testimony, Dr. Aron states that an ultimate  
15 market share of 15% is assumed for each CLEC. A review of BellSouth's base run  
16 assumptions, however, indicates that the actual assumptions range from 7.53% to  
17 20.12% for residence customers and 3.6% to 32.85% for 1-3 line business customers.  
18 If 15% is Dr. Aron's magic number, it is unclear why BellSouth has not actually used  
19 it in the BACE.

---

<sup>5</sup> See "Rebuttal Testimony of Debra Aron before the Florida Public Service Commission" (p. 14). Docket No. 030851-TP. January 7, 2004.

1           Second, Dr. Aron's testimony, particularly when compared to Ms. Tipton's,<sup>6</sup>  
2 suggests that her assumptions are unlikely to prove true. At p. 29 Dr. Aron argues  
3 that "while a penetration rate of 5 percent may be reasonable for a growing CLEC  
4 early in its life, it is not appropriate as an ultimate penetration rate." BellSouth's  
5 BACE assumptions (sponsored by Dr. Aron) are inconsistent with this statement:  
6 based on her "p value" of .5 and an ultimate CLEC market share of 15%, the BACE  
7 assumes that every CLEC will have a Year One market share of 7.5% - a market  
8 share that is 50% higher than the 5% Dr. Aron refers to as "reasonable" for "a  
9 growing CLEC."

10           Third, Dr. Aron fails to incorporate additional relevant information. She does  
11 not discuss (and makes no indication that she has considered) that the customers  
12 willing to leave BellSouth are likely to be enticed back to BellSouth's due to "win-  
13 back" offerings. In its Fourth Quarter 2003 *Investor Relations Competitor Earnings*  
14 *Update*, BellSouth CFO Ron Dykes is quoted as saying that "BellSouth is on the  
15 'bleeding edge' in terms of aggressiveness in win-backs for UNE-P competitors," and  
16 that BellSouth has "won back "40% of its consumer losses and more than 60% of its  
17 business losses." If BellSouth is "on the bleeding edge of aggressiveness" in its  
18 efforts to win back customers from UNE-P providers (customers for whom it receives  
19 wholesale revenue to recover network costs), it is reasonable to expect that BellSouth  
20 would be somewhere beyond the "bleeding edge of aggressiveness" in its attempts to  
21 win back customers from a CLEC utilizing self-deployed local circuit switching

---

<sup>6</sup> Ms. Tipton shows between three and five CLECs in each market using self-provisioned local switching (assuming that some carriers are utilizing UNE-P instead, the actual number of CLECs is therefore likely to be higher). In ten years, Dr. Aron's assumptions yield a total CLEC share of the market of between 45 and 75% of the total market.

1 (customers for whom it receives no revenue). BellSouth's window of opportunity to  
2 "win back" a customer before it is actually lost is also greater in a UNE-L scenario.  
3 With UNE-P, BellSouth has approximately twenty-four hours before the cutover of  
4 the customer is completed. With UNE-L, BellSouth's "win-back before actually lost"  
5 window expands to five days.

6 Based on BellSouth's existing on-but-not-yet-beyond the bleeding edge of  
7 aggressiveness win-back offerings, it has been able to entice about half of the  
8 customers won by CLECs to return. In other words, a CLEC must win two customers  
9 from BellSouth in order to keep one. Assuming that Dr. Aron's assumptions about a  
10 CLEC's ability to attract customers are accurate (as described above, a generous  
11 assumption), the BACE has overstated both the rate of customer acquisition and  
12 ultimate CLEC market share by failing to consider the impact of BellSouth's bleeding  
13 edge aggressiveness.<sup>7</sup>

14 **Q. YOU STATED THAT THE BACE CAN BE USED TO DEMONSTRATE THE**  
15 **IMPORTANCE OF USING REASONABLE ASSUMPTIONS. PLEASE**  
16 **EXPLAIN HOW YOU HAVE REACHED THIS CONCLUSION.**

17 **A.** While the structure of the BACE makes it impossible to reflect all relevant revenue  
18 and cost information with sufficient granularity to perform a meaningful business  
19 case analysis, it is possible to consider the impact that certain BellSouth assumptions  
20 (sponsored by Dr. Aron) have on the results. A table containing these results is  
21 attached as Exhibit DJW-5.

22 These results can be summarized as follows:

---

<sup>7</sup> A win-back offering effectively reduces that rates against which a CLEC must compete. The ability of BellSouth to make win-back offers underscores the fallacy of Dr. Aron's assumption of constant prices.

1 If prices are assumed to decrease by 5.1% per year, and no other changes are  
2 made to BellSouth's assumptions, the reported NPV declines by 83%.

3  
4 If Dr. Billingsley's CLEC-specific cost of capital is used, and no other  
5 changes are made to BellSouth's assumptions, the reported NPV declines by  
6 47%.

7  
8 If the CLEC market penetration assumptions are adjusted to reflect the impact  
9 of BellSouth's win-back pricing, and no other changes are made to  
10 BellSouth's assumptions, the reported NPV declines by 84%.

11  
12 **Q. DR. ARON ARGUES THAT A COST DISADVANTAGE IS INSUFFICIENT**  
13 **TO DEMONSTRATE IMPAIRMENT. DO YOU AGREE?**

14 A. No. She argues (p. 33) that whether "CLECs incur costs that are not incurred by  
15 ILECs is not determinative of impairment," but instead that "costs are relevant only  
16 within the context of a well-defined business case analysis that evaluates whether  
17 entry by an efficient CLEC is economic." As a practical matter in this case, the  
18 questions (and the answers) are the same.

19 Dr. Aron argues (pp. 39-40) that "the claim that a cost disadvantage renders a  
20 firm incapable of competing effectively and viably in a market is simply inconsistent  
21 with much of modern economic theory, which provides a number of models in which  
22 firms with different cost structures providing identical products viably coexist." Dr.  
23 Aron goes on to explain that CLECs can "compete by differentiating their products  
24 from their rivals and earn a premium" from certain customers. Dr. Aron does not  
25 explain why if it is necessary to differentiate a product in order to command a higher  
26 price from some customers, firms with higher unit costs but *providing identical*  
27 *products* could successfully compete.

1 Dr. Aron goes on to describe “the richness of economic models of  
2 competition.” While the ‘richness’ of these models may provide for interesting  
3 academic debate at a 30,000 foot level, this case is about what is actually happening  
4 at ground level. Dr. Aron offers no examples, theoretical or otherwise, of how  
5 telecommunications services to mass market customers could be differentiated in a  
6 way that would support any significant difference in price, nor does she explain how  
7 – even in the absence of BellSouth’s ability to effectively reduce the rate against  
8 which the CLEC must compete through a win-back offering – a CLEC with a higher  
9 per-unit cost can compete on price *for mass market customers within the identified*  
10 *geographic markets in Alabama*. A description of the “richness” of economic theory  
11 cannot serve as a substitute for the granular analysis of actual market conditions  
12 required by the TRO.

13 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

14 **A.** Yes.

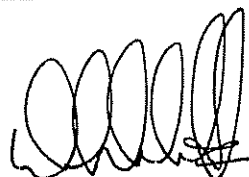
## AFFIDAVIT

STATE OF

COUNTY OF

BEFORE, ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Don Wood, who being by me first duly sworn, deposed and said that:

He is appearing as a witness before the Alabama Public Service Commission in Docket No. 29054 Phase II on behalf of AT&T Communications of South Central States, LLC., and if present before the Commission and duly sworn, his surrebuttal testimony would be set forth in the annexed testimony consisting of 19 pages and 1 exhibit (s).



Don Wood

SWORN TO AND  
SUBSCRIBED BEFORE ME  
THIS 23<sup>rd</sup> DAY  
OF March, 2004.

  
NOTARY PUBLIC



My Commission expires:



SCENARIO	Changes in Inputs	NPV Mass Market	% Change from BellSouth Default
1	BellSouth Default	\$59,795,918.72	0%
2	5.1% Yearly Price Decreases	\$10,294,782.56	-82.78%
3	Billingsley Cost of Capital (20.87% COE, 70% E/D, and 15.36% WACC)	\$31,731,534.44	-46.90%
4	CLEC Market Share Reflecting Impact of BellSouth Win-Back Program (p=0.25, terminal % =1/2 Projected Amount)	\$9,422,842.70	-84.24%